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HOUSE OF COMMONS

Monday, February 26, 1968

The house met at 2.30 p.m.

HOUSE OF COMMONS

MOTION RESPECTING HOUSE VOTE ON BILL C-193

The house resumed, from Friday, February 23, consideration of the motion of the Prime Minister:

That this house does not regard its vote on February 19th in connection with third reading of Bill C-193, which had carried in all previous stages, as a vote of non-confidence in the government.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I dealt with this motion in my introductory remarks on Friday and pointed out, as had previous opposition speakers, that this is not an ordinary matter. The question which came before the house on Friday is a major matter, because the whole economic and financial program of the government was at stake on the vote in question. I also said in my introductory remarks that not only has the opposition for some time been pointing out that the government has been under serious attack as far as its economic and financial program is concerned but—

Some hon. Members: Order.

Mr. Speaker: Could we have order, please?

Mr. Woolliams: —that this certainly has been the position of the governor of the Bank of Canada. I quoted in support of my argument *The Economist* of September 30. I now come to grips with the problem itself. We say this is a major and vital matter in respect of which the government was defeated. What is our position? I think it would be well to repeat our leader's position in this regard, our party's position and the position of the official opposition.

This is our position. We agree, of course, that the government could choose to consider a defeat on a minor matter as not involving a question of confidence. That is not the question. The question is, can the government choose to ignore a major defeat on a vital matter of policy? We say that according to constitutional practice this government has no right to place business or a motion before the house. We have not altered this stand in any respect. That is the stand we take; that is the stand of our leader; that is the stand of our party, and it is the stand I take this afternoon.

I am going to quote some authorities in this respect, and hope to be able to effectively answer the arguments of the Prime Minister. Does the Prime Minister consider the vote on Monday evening would have been any different if he had been in the House of Commons and had said "This is a vote of confidence"? Do mere words make the situation different? If the bill itself goes to a major and vital part of the economic and financial program of the Liberal government, does it make any difference whether it is called a vote of confidence, or is it in fact a vote of confidence when it affects the major financial policy of this government? Do mere words make the situation any different?

Would the leader of the Créditistes have voted for the tax increase if the Prime Minister had been here and had stood in his place and told us just before the vote on Monday that it was a vote of confidence? I suggest that the leader of the Créditistes would have voted against the tax increase on Monday night because he was against it; he was against the economic and financial program of this government.

Let us just see what the Prime Minister had to say in this regard. Let us examine the authorities about which we have heard so much not only from the Prime Minister but from other Liberals. The Prime Minister quoted Professor Jennings as follows:

What the government will treat as a matter of sufficient importance to demand resignation or dissolution is, primarily, a question for the government.

If it is always a matter for the government as to whether a question is vital or major, the government—and this they have done—could perpetuate their right to govern this country forever. That is the point involved.

Some hon. Members: Hear, hear.

Motion Respecting House Vote

Mr. Woolliams: Surely the Prime Minister does not take that position. I repeat the words quoted by the Prime Minister as authority:

> What the government will treat as a matter of sufficient importance to demand resignation or dissolution is, primarily, a question for the government.

I say that where it is a matter of vital and major importance, surely it is not open to the government to use that kind of discretion which amounts to an illegality. I quote an example in this respect. If a person obtained title to an article as the result of fraud, and that fraud was known by the person from whom he got the article, surely he could never transfer that title to anyone and make it a good title. That is what this government have tried to do. They were defeated on a matter of major and vital importance and now they say "It is up to us. It is within our parliamentary discretion and our legal discretion to interpret this as a matter in respect of which we do not have to dissolve parliament and go to the Governor General". If that is their position, then our parliamentary system has been changed to a republican system of government in Canada without the Canadian constitution having been amended, and that is the position in which the government finds itself this afternoon.

• (2:40 p.m.)

I wish to answer effectively another quotation put forward by the Prime Minister, which reads:

> It rests, therefore, with the government to decide what issues it shall treat as vital, and as demanding that it must resign or dissolve if it is denied support thereon.

Here I shall use the same argument I used with regard to the first quotation from Jennings. Surely if this government take such a position then they have changed our parliamentary system to the republican system or, still worse, the Prime Minister has taken upon himself the divine right of ruling as the king of Canada, and I have already referred to him as King Pearson I of Canada. That is the final conclusion one must reach in refuting the Prime Minister's argument when he quotes from the authorities to which he referred.

It has been said in the house, by the Liberal members and by the press that there are no authorities to prove the contrary. I say the authorities are certainly very clear. Let me quote from page 237 of Dawson's book "The Government of Canada". We have already heard the wishy-washy quotations from that book according to which the government can interpret the rules the way it likes and use its own discretion to perpetuate its right to govern Canada. Let us see what Dawson says. The quotation reads as follows:

> The cabinet must therefore introduce and sponsor all measures to spend or to raise money; and as any proposed amendment which would endeavour to diminish a tax or an expenditure contrary to the cabinet's wishes would now be treated as a vote of lack of confidence,...

In other words Dawson says, just as did the leader of our party, that when it is a matter of vital and major importance, and still more so when it is a matter pertaining to the economic and financial program of the Liberal party, the vote becomes a matter of confidence in the government. If we accept the position taken by Dawson we must come to the conclusion that the government is now operating illegally in this parliament, and that it has ceased to be the legal government of Canada.

I realize it is a weakness to quote from the authorities, but the same weakness was shown by the Prime Minister when he implied in the house and across the country that his government has jurisdiction to decide on constitutional matters. He has set himself up as the supreme court of Canada by interpreting the law in favour of the government, in a way which would give them the right to govern this country forever.

I should now like to quote the following statement from page 228 of Dawson's "The Government of Canada":

> Hence the great corollary of cabinet government: That the defeat of a government measure will normally bring about the defeat of the government itself.

The author goes on to give one exception, then he continues:

> If the house should decide to reject a government bill or to amend it in a way unacceptable to the cabinet then Her Majesty's government will consider that it is relieved of the duty of carrying on any longer the government.

This government has been relieved of its duty; it has been fired. As I said, and I wish to repeat it, according to the principle quoted by the Prime Minister and contrary to what MacGregor Dawson says that the functioning of the government should be based on its constitutional right to govern, a government could perpetuate its right to govern indefinitely, and that is what this government has done. They have established a republican system of government in this country.

I say with the greatest respect that this is the most important principle which parliament in my lifetime will ever be called upon to debate, the principle of the right to govern. The government has changed the parliamentary system under which we operate in this country to a republican system of government regardless of our constitution, and numerous references have been made by government supporters to constitutional matters. I say that this is as effective a destruction of parliament as if the parliament were dissolved by the Prime Minister never to be recalled. If you destroy our system you destroy parliament as effectively as if you burned down this place, or as if you bolted and barred the door. This is the situation when the government will not accept its constitutional responsibility as laid down by our leader in his opening remarks in this debate.

Now, when we are talking about constitutional matters, they are subject to interpretation. What is the economic situation? Why is this a vital and major matter? Why do the government choose to ignore it? Why do they have to impose a 5 per cent surtax on the people of this country? What was the reason? Was this something they would normally do in the course of events, or was it the result of their economic and financial policies? I say to you, Mr. Speaker, that the government's economic and financial policies led this country into a position where the government had to impose this tax. This is the most spending government we have ever had. They have become not only the greatest spenders but the greatest taxers.

In order to add weight to my argument let us look for a few moments at the report of the Auditor General to the House of Commons which we recently received, dated March 31, 1967. Let us see what has gone on under this government. Let the government point to any department in which expenses have been trimmed. I say it was a major and vital matter upon which this government was defeated, and according to the constitution they should now resign as the government of Canada. Let me list some of the departmental expenditures which have increased. The expenditures of the Canadian Broadcasting Corporation went up 18 per cent; Defence Production went up 34 per cent; Dominion Bureau of Statistics went up 71 per cent; Energy and Mines was up only 4.6 per cent; External Affairs went up 51 per cent. I could go on and indicate the percentages by which every department's expenditures have risen. The expenditures of the department of the Secretary of State went up by 147 per cent.

Some hon. Members: Oh, oh.

Mr. Woolliams: We find that the expenditures of the Solicitor General's branch have risen 17 per cent. Surely these facts as set out by the Auditor General confirm that this is the most spending government we have had. They give lip service to the principle of trimming costs. This tax bill which was defeated was a part of the economic and financial policies of this government as set out by the Minister of Finance. I do not believe the government can deny that in any way.

What does this all lead us to? The Prime Minister made a speech with regard to the role of the opposition on January 27, 1959, when he addressed a luncheon meeting of the Canadian Club at Ottawa. At that time he quoted with approval the former leader of the opposition, the hon. member for Prince Albert (Mr. Diefenbaker). This is what the hon. member for Prince Albert said, and this is exactly the point I intend to make. I shall try to conclude my argument on this note:

> Autocracy, tyranny, dictatorship, are shadows that ever stand in the wings of even the freest of parliaments.

What he is really saying is that autocracy is always evident; tyranny is always evident, and dictatorship is always evident. It is up to the members of parliament to make certain we keep this the freest of parliaments and carry out our constitutional duty.

> In the absence of a strong opposition, a cabinet with a commanding position in the house could and would rule without regard to individual and minority rights.

This is exactly what the government has done. The Prime Minister quoted this speech with approval. Surely the government is acting very autocratically. There is no question about this. They are not now carrying out their constitutional duty. They have set themselves up as something of a dictatorship. There is nothing to say they will not do the same thing tomorrow. In fact one of the worst aspects of what they have done, if they ever get away with this suggestion from the Martin-Caouette axis, has been the establishment of a precedent in this house which may be followed in the future and which may lead to tyranny, autocracy and dictatorship, even if this government does not follow these practices in the future.

Motion Respecting House Vote

• (2:50 p.m.)

If this is to be the funeral of the Canadian parliamentary system, I am so glad I belong to a party which refuses to be an honorary pallbearer at that funeral, or a rewarded pallbearer like the Créditistes at parliament's funeral. They have formed the Martin-Caouette axis; the Prime Minister admitted this much over the week end. Although the Secretary of State for External Affairs was silent on this, the Prime Minister smoked him out and told us the facts.

I am happy to have taken part in this debate to register my voice against the march of autocracy, tyranny and dictatorship, which are no longer lingering shadows over this parliament but firmly recognizable now in Canada as a part of our institution. What a dangerous precedent this government are trying to establish, Mr. Speaker.

Before I leave this constitutional question I just want to say a few words about what the Minister of Finance, who is absent from his seat, has said in the debate. He spoke with two voices, or used two different phrases that are both characteristic of the government. The minister said that Canada should not carry on without this $400 million, that it was a major matter. At the same time he tried to go along with the suggestion of the government, and even though I know he is opposed to that suggestion he has not resigned. The minister talked about the danger of discussing the dollar and the economy, and the international implications of this.

In the early stages of my remarks I quoted from *The Economist* and put on record the view of that publication regarding the financial crisis brought on by the government, and its international repercussions. While the Prime Minister is worrying about the financial situation of the country and how his own actions might affect Canada internationally, I would remind him of what was said in an article in the *The Albertan* on May 22, 1962. This newspaper is a little worn now but I am glad I saved it. This is what this publication had to say in connection with the problems the Conservatives were having with the dollar:

> Pearson fears big price rise result of devaluation. The Conservative government's "panic devaluation" of the Canadian dollar will force up the cost of living to record all-time highs and impose a heavy financial burden—

—and so on. Did the right hon. gentleman worry at that time when he was leader of the opposition? Did the present Minister of Finance or Minister of Transport worry? No,

[Mr. Woolliams.]

Mr. Speaker; they travelled across the country not caring whether they would run Canada into blue ruin either internationally or domestically. Their conduct is illustrated by this article to which I have just referred.

Now, Mr. Speaker, these same hon. gentlemen are coming in with those soft voices they have and telling us that we must discuss the economic situation. We must follow their program, even though we are facing a financial crisis, to stem any run on the dollar. They did not care about a run on the dollar in 1962. They were irresponsible then, Mr. Speaker, and as far as their constitutional duties are concerned they are being irresponsible now.

I believe the *Globe and Mail* expressed the majority editorial opinion in its editorial in the February 22, 1968 issue. The article declared that the government were breaking rules for power, that they were breaking rules to get a dictatorship, that they were breaking rules so we can now have a republican system instead of a parliamentary system. Another editorial in their February 21, 1968 issue is headed "Defeat is defeat". I suggest the government are not measuring up to their responsibility. They have been defeated but are trying through television and radio broadcasts to drag across the trail red herrings so as to turn us away from the main subject.

Their constitutional duty today, Mr. Speaker, is to resign. The Prime Minister should go to the Governor General and discuss in this situation who should form the government. That is the responsibility of the Prime Minister, one that he and the government refuse to take. The Liberals rule by divine right in every regard.

In conclusion, Mr. Speaker, I hope the Créditiste party, who voted against the tax bill as well as against the Liberals' economic and financial program, having been, as we have, critical of both, will measure up to their responsibility as members of parliament and at the proper time, when the vote is called, vote with the opposition.

Mr. David Lewis (York South): Mr. Speaker, as our leader said last Friday, we hoped the debate might end that day. On behalf of our party I now express the hope that the debate will end today. Accordingly we are prepared to limit our participation.

One point I think was noted by everyone last week. The debate on the issue before parliament was primarily carried on outside this chamber over radio and television. I think the Toronto conference on the Canadian constitution, the recent federal-provincial

conference and our experience last week show the value of speaking directly to the people instead of speaking only to each other in this chamber. I express the hope that as a result of last week's experience arrangements will now definitely be made to admit television cameras into the chamber, instead of having members rushing to the television cameras outside. It seems to me it is time we adjusted ourselves to this new information medium and made the necessary arrangements.

One point which struck me most forcefully all through last week is that we have further evidence of the credibility gap which some political leaders create in the public mind about politics and politicians. The Prime Minister had some cogent and simple, human reasons for refusing to accept last Monday night's decision. Though those reasons cannot influence my vote, I had sympathy for the right hon. gentleman. His reasons were understandable and they were obvious. The Prime Minister could not resign and ask one of his colleagues to lead the government because a number of them are candidates for the succession, and it would have been difficult for him to make a choice.

Mr. Horner (Acadia): He could pick a man who is not a candidate.

Mr. Lewis: The right hon. gentleman did not want to dissolve parliament and enter upon an election campaign, and I understand that. Having announced his retirement, it was impossible for him to contemplate leading his party in another election campaign. From his point of view, from his party's point of view and, he might have added, from the country's point of view it would be more desirable for his successor to announce the election and lead the party in the campaign.

These were simple, human reasons that the Prime Minister had, and I think they were the real reasons for his refusal to accept Monday night's decision. Then why not state that? Why not be frank with parliament and the Canadian people? Why resort to distortions and false accusations about plots and trickery?

Some hon. Members: Hear, hear.

Mr. Lewis: I was saddened to see an admirably decent human being like our Prime Minister, who at times can be disarmingly frank, accept the political ethics of some of his colleagues who think a shovelful of sand in the eyes is better and more useful than a barrel of honest facts. I think this kind of approach to political discussion and debate has undermined the credibility of parliament and politicians in this country.

I emphasize, in a speech which will not be too long, that as our leader said last Friday our vote on the previous Monday was not only a vote against the unfair increase in taxes on wage and salary earners but also a vote of non-confidence in the economic and fiscal policies of this government. We believe the government's economic policies are doing harm to Canada now, and that they threaten to be ruinous in the next year or so. We shall vote against this motion because we have no more confidence in the economic policies of this government today than we had a week ago.

• (3:00 p.m.)

We fought the budget and the economic policies behind it from the first moment, as hon. members know. I happened to be the first speaker in that debate on behalf of our party and I indicated, as did others who followed me, that we believed the mini-budget to be unnecessary, to be undesirable, to be based on wrong policies and wrong objectives, and that in particular the 5 per cent surcharge on individual taxes was ill conceived and bound to increase the inequity of a tax system which the Carter commission had already found to be inequitable.

In his lamentably and pathetically weak defence last Friday the Minister of Finance almost admitted that he really did not know quite what he was doing. We heard him say at one moment that this country had never known such prosperity as we had enjoyed in the last few years and were experiencing even now, while in the next he told us that the economy and the financial system of the country were in such jeopardy that we could not even afford to hold an election at this time without upsetting the apple cart.

He said in the course of his pathetically weak defence last Friday that the government did not intend to use the money collected through extra taxes on individuals for the purpose my leader had indicated. Despite what he said the fact remains that the proposed bill would have collected $185 million from the pockets of individual taxpayers, and would have immediately paid back two thirds of it to corporations by returning the refundable tax, $105 million in the first year and $139 million the next. We thought it was unfair, undesirable and anti-social to take money from the pockets of the ordinary wage

and salary earners in order to return it to the large corporations by way of repayment of their refundable tax.

I said on December 6 last that the mini-budget was unfair. I said its main objective, like that of the bill which we defeated last Monday, was to increase unemployment and slow down the rate of growth in this country. The minister has said so himself in almost as many words. We do not believe this is the right policy for Canada to follow. Even before the tax bill was defeated a week ago the economy reflected the results of the policies of this government and of this minister in a levelling off of investment and an increase in unemployment. Every indicator today shows that next year investment will probably be below the level of 1967, and that unemployment across Canada will increase even further.

Let me remind hon. members that the economic council has indicated on more than one occasion that the work force in Canada is now increasing substantially every year, and that we need to be concerned not only about jobs for the present work force but about providing jobs for an addition to that force at the rate of 3 per cent or 4 per cent each year. Slowing down the rate of growth will necessarily lead to a failure to provide sufficient jobs and to an increase in unemployment.

The Minister of Finance said my leader was promoting policies which were themselves inflationary in order to deal with an inflationary situation. I say to the Minister of Finance, who is not present today, that he is talking balderdash. The fact is that we are living in an economic environment where there is no guarantee whatever that the old-fashioned ways of dealing with such a situation—lowering the rate of growth and increasing unemployment—would have any effect whatever on prices. As a matter of fact we are living in an era in which an increase in the interest rate occurs simultaneously with an increase in the supply of money. This happened over a long period in 1967 and it is unheard of according to normal, orthodox economic textbooks. I venture to say that exactly the same thing is in store for us in the area of unemployment and high prices. We are no longer in a free market, and we have not been for years. We are no longer in a situation where a reduction in aggregate demand, a reduction in the rate of growth, a loosening of the slack in the economy, will automatically produce an effect upon the price structure.

[Mr. Lewis.]

• (3:10 p.m.)

Prices are no longer as flexible as they used to be. Wage costs are no longer as flexible as they used to be. The wage pattern now is that its trend continues beyond the downturn in the business cycle, and the pattern of the price structure does the same because it no longer reflects prices on a free market. This must be so, since in all the most important areas of the economy prices are effectively controlled by the oligopolies which control industry.

For these reasons what the minister has proposed in his economic and financial policy is the worst of both worlds, increases in the cost of living simultaneously with an increase in unemployment. This is the kind of policy he proposes, the kind of policy against which we voted last Monday.

The minister says we do not make suggestions to him. We have made them, but he will not accept them because his government is ridden with shibboleths with regard to the workings of the economy, introducing in the sixties concepts which are no longer relevant. The hon. gentleman talks as though we were living in pre-Keynesian days before the second world war, as though we were not in the hands of monopolies or oligopolies, and as though there were some freedom in the market place for anything other than services.

I say we should control the inflationary spiral not by the destruction of prosperity in Canada, as this government proposes, but by the establishment of a prices review board to make sure that no producer gets unconscionable profits out of the present situation. If its powers are insufficient I suggest the federal government has the duty of calling a conference with provincial governments to determine where jurisdiction over price control lies, and to discuss with them the possibility of imposing selective price controls in order to restrain inflationary pressures. As we indicated in the debate on the budget, inflationary pressures are not the result of a demand pull; they are the result of what the economists call a cost push situation.

It is only by direct means of regulating and controlling the oligopolies which administer prices that you can do anything about inflationary prices. To deal with unemployment we need the stimulation of the economy and not contraction. We need a decline in unemployment and not an increase. I remind the house that every time we slow down the economy, every time we pursue policies that increase unemployment what we do, as I said

on December 6, is increase the disparities in this country. The provinces east of the Ottawa river, to use the phrase uttered by the premier of Newfoundland during the federal-provincial conference on the constitution, will suffer unemployment to a higher degree and to a greater proportionate extent than the provinces west of the Ottawa river. Not only do you do harm to the economy across the country, but you do particular harm to the five provinces east of the Ottawa river which can least tolerate or least accept it.

I say, Mr. Speaker—and this is why we voted against the bill last Monday and why we will vote against the motion today—that the economic and financial policies of the government will inevitably result in a continued increase in the already high cost of living, in a drop in the rate of growth in Canada, in continually increasing unemployment, with the social frustration and the loss of revenues to this government and to other governments that this will bring.

On Friday the Minister of Finance accused the leader of my party of self assurance, and may I say having made that statement in a not very assured way he then proceeded not only with self assurance but with limitless arrogance to say to this house "You may have defeated the bill I presented to you last Monday night, but I give you warning now you will have, not of course the same bill but a similar bill, as soon as I can get it ready." He talks about self assurance. He has the nerve to accuse someone else of knowing exactly where he is going while even a decision of parliament does not chasten him and does not make him change his policies.

I have no doubt that within ten days this house will be presented with another measure which in some form will place an increased tax upon the individual taxpayers of this country; and we shall fight it with all the strength at our command, as we fought the last one no matter—what is the word that was used by a very highly placed and respected gentleman in this house?—no matter what trickery may be used to get around the decision of a week ago. Any attempt to increase taxes on individuals in Canada at this time is in our view contrary to the interests of the country, contrary to the interests of the people, and we shall fight against it with all the strength we have.

We opposed Bill C-193, as I have said, and we oppose this motion of confidence in the government. We have not changed our minds. We believe we were right then and that we will be right now, because it is our conviction that the government's economic and financial policies are ruinous for Canada, for Canada's future, and are a threat to the new adherents to our labour force through unemployment. We believe that the manpower retraining program is bound to be inadequate, as it has already proved to be inadequate. The larger the unemployment problem becomes the less will the Minister of Manpower and Immigration be able to do to retrain people. These economic and financial policies threaten the future of the young people of Canada. Therefore we opposed the bill a week ago and we will vote against this motion, I hope today.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I will try today to use the simplest and most familiar words so that the journalists, first of all, and the population in general will understand clearly how we see the present motion.

I would not like to keep the house too long by indulging in digressions as some other speakers did before me. For hours we have been hearing quotations dating back 40, 50, 100 years and even more to prove that the procedure followed was not in accordance with the thinking of the fathers of confederation or the British tradition, while the members of the government did all they could to prove the contrary.

The traditionalists should be told that many things have changed since those memorable days and that our great-great-grandparents would find it very difficult to recognize the practice today even if the laws they enacted were recognized.

What are they hoping to prove, through all these repetitious speeches which finally get on our nerves, to the people who want action on the part of their representatives? Do they want to prove that the government has no right to act as it just did? That is their opinion? Very well, we respect it even if we do not always understand their personal reasons. I think that to describe their state of mind better, I would need a truth detector in order to know for sure what took place in their mind in the evening of February 19 or what they are now turning over in their mind.

But what can I do, Mr. Speaker. We have simultaneous translation here but no detector. Let us hope that that will come some day.

Mr. Speaker, these people should bear in mind that we also have our reasons to vote for or against the present measure and that,

in our opinion, our reasons are much better than theirs, for they go beyond partisanship or tradition.

• (3:20 p.m.)

In fact, while they delight in an old myth from the stone age and persist in defending an obsolete piece of legislation, or still, what is undeniable, while they are deliberately playing politics at the expense of taxpayers, we are pushing on our fight to enforce our principles which will bring to the Canadian people salvation through the liberation of their representatives.

Indeed, Mr. Speaker, we have well established principles on the judicial and social level. Ever since we came to this house, we have always urged the various governments to listen to us, and promised our support to the first willing to co-operate with us—regardless of party lines which matter little to us—because we are more than ever convinced today that partisanship has prevented our governments and the entire population from progressing towards more humane legislation.

I do not hesitate to say today, to the public at large, that if the Diefenbaker government had not isolated itself in its ivory tower in 1963 and refused everything to the Ralliement Créditiste in the definite hope of starving us to death, it would still be in power today. We had clearly defined our conditions to the government at the time, repeating that should they not be complied with, it would be defeated. We were asking very little: just the start of legislation. But from the top of his fortress, the great and inflexible dictator, the great leader refused; and so, the end came.

And again today they dare speak of dictatorship. Have the people fully understood the implications of this clash? I doubt it, for too many people still wear a political blindfold. Thank God, this is slowly disappearing!

Many will say: Yes, but your feathers are ruffled. We admit it was a difficult fight, even unequal, although we dared everything, since the two old parties brought to bear the full weight of their memberships, at the service of English and American high finance, using as an incendiary torch all the the most modern means of publicity such as newspapers, radio and television, etc., always at the service of capital holders, and spreading discouragement and discord.

We lost some gallant soldiers and strong fighters for the cause of the people. But they can be proud today, for their many sacrifices will not have been in vain. The old parties have forgotten that the armour of the Créditistes is in their hearts and that it does not come from the Royal Canadian Mint or from the pen of those who control our lives through money and credit.

Indeed, Mr. Speaker, in my opinion, the forthcoming vote—on which some members of the opposition have been heaping ridicule, which, incidentally, is a coward's last weapon—will be of capital importance for us and for all the members of the Ralliement Créditiste who are fighting for the right cause. It will set the seal upon our first great victory over traditional rules which all past and present parliamentarians have accepted and which they cannot accept any longer.

Mr. Grafftey: Mr. Speaker, would the hon. member allow me—

Mr. Gauthier: We have been storming parliament hill for six years—

Mr. Grafftey: Will the hon. member allow me to ask him a simple question?

Mr. Gauthier: Mr. Speaker, if I may be allowed to finish my speech, I will then organize a forum, as I am accustomed to do in my parish meetings, throughout my riding.

We have been storming parliament hill for six years, hoping to win the free vote in the house, that is, the right—and this is very important—to defeat a piece of legislation without thereby defeating the government elected by the majority of the people and plunging the whole country into an election every year or every six months.

We are asking for something that is quite logical, and I think that the most concrete example we can find is at the level of our municipal and school institutions. Would a municipality, for example, be allowed to call a new election every time one of the resolutions of the mayor or the deputy mayor is defeated in council? Never, one would say. This is a utopian notion; why should we practise this illogical notion at the federal level?

The main arguments of the two old parties were "British tradition" and the unchangeable and apparently untouchable "rules of the house".

Well, Mr. Speaker, after that vote, we will be entering into a new era, since those two main arguments will no longer be accepted in this house, since finally due to the force of circumstances or a comprehensive democracy within our group, a government will have

met our views by accepting one of our dearest principles, that is the possibility of voting against an important government bill without necessarily having to hold an election.

And all this will necessarily lead to a parliamentary reform establishing a fixed period for a government, to remain in power as in the case of municipalities and school boards or, for those who see big, let us say as in the United States.

Mr. Speaker, as can be noted by restricting the time of a parliament to a specific number of years, it would be impossible, as alleged by certain Conservative speakers, for a government to maintain itself in power for years and years.

It is again one of their tricks to try and make the people believe that it is impossible to set a limit. By that method, each member would be absolutely free to vote as he pleases. We Créditistes have the deep conviction that we are here not to vote for or against a man, for or against a minister, for or against a government, but for or against a legislation depending on whether or not it is to the advantage or disadvantage of the people that we represent.

That is our only reason for being here. Then, the various parties simply become cooperators for those who accept, and instruments for those who are reticent. Therefore, it will be seen that we are way above the level of the old partisan politics whose myth still remains among many.

By so doing, those who will take off their blinkers to read the resolution will find that each and every word is important. This is the text of the resolution and I quote:

> That this house does not regard its vote of February 19 in connection with the third reading of Bill C-193, which had carried in all previous stages, as a vote of non-confidence in the government.

In short, the resolution, in its present form asks the house not to regard its vote on February 19 as a non-confidence vote in the government.

• (3:30 p.m.)

The word confidence does not even appear in that motion.

That makes one wonder why Her Majesty's opposition keeps talking about confidence and non-confidence. The resolution introduced in the house is not even a motion of confidence. It states simply that parliament does not consider that the vote of February 19 was a vote of non-confidence.

Personally, Mr. Speaker, I can assure the house quite frankly that when I voted last Monday night, I was thinking of only one thing: defeat the bill increasing personal income tax by 5 per cent, nothing more. That is all I wanted. I voted to defeat the bill and I am happy about that.

That bill was very important and we wanted to reject it, so much so that even if the minister had risen at that precise moment—I do not remember what member of the opposition made that assumption a moment ago—and, in the hope of frightening us, had said: I regard this vote as a vote of confidence, well, Mr. Speaker, because of our principles and our convictions, we would have voted against that legislation all the same. I will even go further. If the government had not introduced the present resolution in its present form, that is if they had asked us to give them our confidence without withdrawing the bill which was rejected last Monday, we would have to vote against the government.

Furthermore, it is precisely in that vein that our leader, replied to the journalists who asked him how he would vote on a motion of confidence. At the time, the question involved was not a matter of confidence. He said: Against the government. That is precisely what I said previously, he was right, because at that time we could not foresee that the government would accept our requirements. But the journalists could not make head or tail of it, as they did not even suspect that there must be some diplomatic play between the parties. Some of them did so through ignorance, which reminds me of an anecdote.

Two lads were sent to the line of fire without having been given even elementary instructions. All they had in mind was to kill the enemy. All they heard was the voice of their general shouting: Fire, kill!

To their astonishment, after the cease-fire, they saw that same general cross the lines to parley with the enemy authorities. They thought, out of ignorance, that he was crazy, that he was contradicting himself, that he was ridiculous, a turncoat and had made an about-face. Is this not an exact description of certain newspapermen?

Others are prompted by personal or partisan interest. They are well aware of the misrepresentations they spread among the general public, and this is much more serious.

I saw in the papers large head-lines reading: "Caouette supports the government; Caouette saves the government." If those people had been sincere, do you not think they would have written instead: Caouette saves

taxpayers $450 million in expenditures. The Conservatives may laugh all they want but, fortunately, we are the ones with the balance of power, not them.

Mr. Valade: This is blackmail.

Mr. Gauthier: It is not blackmail, it is the truth. The real blackmail is what you read in the papers. I do not want to attack all newpapermen, for it is heartening to know that there are still a few honest newpapermen left. I would ask them to try and urge their colleagues to put an end to these abominations.

Say what you will, it is still up to the government to decide whether or not an election shall be called. The opposition can shout itself hoarse, those are the facts. The government, having flatly admitted the defeat of Bill No. C-193, and having declared it would not be introduced again, has said it did not consider this vote as a vote of non-confidence. That is its business, Mr. Speaker. In my view, it is the same as if the minister had risen before the vote and said, I give notice to the house that, even if this vote is negative, I shall not deem it to be a vote of confidence.

Mr. Speaker, of course there is a question of British traditions involved. This is precisely what we want to get rid of. Now we have just set a precedent. We have succeeded. All right! We have opened a door which will enable us to take a second step: provide in the standing orders of the house that, in the future, every member will be entitled to cast a free vote, according to his own conscience, since his vote will not be considered any longer as capable of defeating his own government. At last we have done away with the yoke of political parties, forced for so many years upon members of the old parties by finance barons who were paying for elections, with the result that Grits and Tories had to pass legislation which favoured them, whilst the working class was constantly called upon to foot the bill.

I do not want to blame any member of the two old parties, because I understand them sufficiently to feel really sorry for them. So, let them be assured that we shall resort to all possible means to promote legislative measures which will allow all the hon. members to get out of that party dictatorship where they cannot be fully themselves. Once again, we warn the house that the group which will act the fastest in that direction will get the support of the Canadian people, who will be the first to benefit therefrom.

I realize that it is difficult for several hon. members to sever the umbilical cord which hold them yet to their fathers' myths since painless childbirth does not yet exist. Therefore, let them show a little resignation, a little more courage, a lot of responsibility, a boundless social spirit and especially, let them keep on working in order to reach the goal.

Mr. Speaker, I just want to say a word with regard to the rumour to the effect that a general election will be called tomorrow. I answer: No, Mr. Speaker, fully conscious of all the responsibilities involved, because the government is bound to act, and for two major reasons.

The house can be assured that if it is our duty to get some action on the part of the government, we shall work day and night, because time is getting short, and there are two main reasons for this.

• (3:40 p.m.)

In the first place, because we will wind up the business of this session in about a month, according to what we have been told. We will not have too much time and we will have to use our remaining hours to complete our office work.

In the second place, because to begin with I must look after the interests of Roberval constituency in which 6 per cent of the labour force is unemployed. To cope with this crisis, our municipal councillors have used every possible means and have sacrificed everything to carry out various winter works. But after more than two or three weeks of superhuman work, twelve municipalities of my constituency have not yet finally adopted their projects. Needless to say that all this requires the attention and the essential presence of the minister concerned. Can one imagine the extent of the disaster if tomorrow the minister had to close his office to launch an election? This means that, less than ever, is it time to abandon the battlefield, to desert our most sacred duty in order to play at elections.

There are, in my constituency, other urgent problems for which we must find a solution within a few days, and I am very much determined to continue my work in spite of all those senseless jokers.

Once the business of the house is completed, in a month or so, the way will be clear for election amateurs, if we are to force such expenses upon the people and if the people

want it. I am but the servant of my constituency here, so I shall readily comply with the will of the majority.

Speaking of jokers, Mr. Speaker, does anyone sincerely believe that the Conservative party wants an election? Would it not be rather that they want to get some headlines in all newspapers and be on television? Those who listened to their spokesmen and leader last night, must have felt the chill of death when the leader of the official opposition (Mr. Stanfield) claimed that he did not want to defeat the government, that he did not want to trigger off an election before the Liberal party had its convention on April 5. I have heard that with my own ears, Mr. Speaker, and I commend the Leader of the Opposition on his outspokenness. But after such a declaration, which newspapermen surely know about, what kind of about-face will they perform, these people who interpret everything according to politics or the amount of money they receive? The leader of the offical opposition does not have to worry: they have not yet started to throw their poisoned darts at him. He will be safe so long as he remains on the side of big business.

After all that, I find it very difficult to understand all this commotion on the part of the Conservatives. Indeed, while their leader appeals for peace, they try to shout their war cries, or so-called war cries. Would this be another smokescreen, its only aim to delay the business of the house?

In our opinion, all serious-thinking people realize once again that the Ralliement des Créditistes must play its role as vigilant mediator in order to prevent futile squabbles which will necessarily be paid for by the people. I will be told that that is a great responsibility. It is the price of holding the balance of power. We realize that each judgment we pronounce influences our future. That is why all our members must feel completely free to act and vote as they wish.

Indeed, it is not enough to preach; one must set an example, and the house can rest assured that, within our party, the vote will be 100 per cent free. Some days we wish we had the wisdom of Solomon, but we are only human and all we have is our desire to work for the good of our constituencies and of the whole country.

[*English*]

Mr. Erik Nielsen (Yukon): Mr. Speaker, it is a matter of regret that on a question as important as this one the Prime Minister (Mr. Pearson) is not in the house. It is even more a matter of regret that the Minister of Finance (Mr. Sharp), whose responsibility is at stake here, is not in the house, and it is even more a matter of regret that the minister directly responsible, some would say, as the custodian of our constitution and our constitutional procedures, the Minister of Justice (Mr. Trudeau), deems it more advisable to appear on television, as he did about half an hour ago in the lobby, than to confront the house with the defence of the government's position. As a matter of fact, it is rather remarkable, as the hon. member for Winnipeg North Centre (Mr. Knowles) pointed out, that in a debate of such seriousness only five cabinet ministers should be in the house. This is an indication of the supreme indifference and arrogance with which members of the cabinet treat this house.

No matter how long and how loud the members of the Créditiste party talk they cannot get away from the fact that they are doing a disservice to their leader who purported to be speaking for their party and are dissociating themselves from the proper position which they took last Monday night. There is no getting away from the positive position which the leader of that party took last Wednesday, and I should like to quote him from page 6905 of *Hansard* of February 21. After the Prime Minister's intention to put forward the motion now before us was announced the hon. member for Villeneuve (Mr. Caouette) said:

> If we believe that, in a democracy, parliament is the real sovereign of the country, we may say, in the present circumstances, that the government has been defeated by a parliamentary majority and that it should resign.

• (3:50 p.m.)

He did not leave it there. On the same page, we find this statement:

> I see no other way out for the government than to go to the people and ask for their opinion on the way in which the business of the country is to be dealt with.

Again, on the same occasion and on the same page we find these words:

> Under the circumstances, there is but one way out, and that is to go to the people.

Now, where is this situation resolved? When the Creator made these people on my left I think He threw away the jellymould. These circumstances recall the situation in 1963. These people have no more virtue now. In fact, it took about the same amount of time in 1963 because over the dinner hour they changed their minds. The deputy leader

of the party at that time, then the hon. member for Quebec-Montmorency, issued a publication entitled "Dans Le Même Sac". I believe that is the situation today; they are in the same bag. No doubt the hon. member for Medicine Hat (Mr. Olson), who I understand will be speaking very shortly, is in the same bag as well.

Ever since the government's defeat last Monday night the Prime Minister and his followers have been whining and whimpering on national television in this country. They have been whimpering about the undesirability of an election at a time when the economy of Canada is in serious trouble. They have been trying to leave the impression that the opposition was irresponsible in acting as they did in the house on Monday night. Does he remember his own conduct in 1962 and 1963? I shall have some quotations for him in that regard in a few moments, because I intend to quote him as a constitutional expert.

I wonder whether hon. members opposite recall the publication, just a little over four years ago, of the "Diefenbucks"? I wonder whether they recall travelling from one end of the country to the other trying to undermine the economy with one purpose in mind, to clutch at power? Does the Prime Minister remember those occasions? Do the members of his party recall hearing those things? What kind of deceit is this he is endeavouring to impose on the country now? These are not my words, they are the words of the Prime Minister, as I will show in a moment.

The truth is that the financial crisis about which they are complaining now is their own doing. It has nothing to do with the opposition. It was as gradual as it was inevitable under the policies of the present government. It resulted from, to paraphrase words of the Prime Minister in 1962, continued deficits, inadequate economic growth, some bad budgetary proposals and the destructive effect of high interest rates, high cost of living, high taxes, inadequate housing, high unemployment and, by no means lastly, the unprecedented bungling and ineptitude of the government.

Some hon. Members: Oh, oh.

Mr. Nielsen: I am glad to hear hon. members opposite applaud, especially the hon. member for Lotbinière (Mr. Choquette). I am happy to see him in his seat, in which place he was not last Monday.

[Mr. Nielsen.]

Mr. Choquette: Mr. Speaker, I have not seen the hon. member for Yukon during the whole year 1966.

Mr. Nielsen: If the hon. member were here more often he would see me.

The Prime Minister speaks of trickery. The opposition used some kind of dirty trick in defeating the government on a major, indeed, vital piece of tax legislation we say. Again I should like to quote words the Prime Minister used in 1962:

> Could anything be more fantastic, but fantastic or not you will be hearing this farcical explanation soon and often in the House of Commons in accents of quivering indignation.

This is the Prime Minister speaking, Mr. Speaker. Was is an opposition trick, I ask you, that kept 48 members on the government side away last Monday? Was it an opposition trick that the vote was called at all on Monday night? Was it an opposition trick that they were defeated on not one but two occasions on Monday night? Was it an opposition trick that brought the country to the point where the government decided to impose additional taxes on those least able to bear them? Was it an opposition trick that this tax measure was introduced in this chamber last November? Was it an opposition trick to lure the Prime Minister to Jamaica while this vote was being taken? Was it an opposition trick to induce the Minister of Consumer and Corporate Affairs (Mr. Turner), the Secretary of State for External Affairs (Mr. Martin) and the Minister of Agriculture (Mr. Greene) away from the house last Monday when this vote was taken? They were out on the hustings. They were galavanting around the country on a leadership campaign instead of attending to the business of the house.

Mr. Greene: I rise on a question of privilege, Mr. Speaker. The hon. member for Yukon is very used to distorting facts. I must state—

Mr. Starr: You mean you were here?

Mr. Greene: —that I was not out west on leadership business. I was in Manitoba at the annual meeting of the Manitoba Dairy Association. Contrary to what the hon. member for Bow River said, I was very well used and graciously received. In fact, I was made an honorary citizen of the city of Winnipeg by his worship the mayor.

Mr. Nielsen: As usual, the Minister of Agriculture has not risen on a question of privilege at all.

Mr. Stafford: How would you know?

Mr. Nielsen: Obviously, from the actions of the government, there are no experts on that side of the house.

I was asking whether it was an opposition trick, Mr. Speaker, that the government insisted on proceeding with this measure on Monday night. I was asking whether it was an opposition trick or whether it was by connivance of the opposition that the Minister of Transport (Mr. Hellyer) insisted on the vote and the Minister of Finance (Mr. Sharp) insisted on the vote or that we tricked the government whip into assuring the Minister of Finance he had sufficient members in the house. Really, the Prime Minister must believe the Canadian people are incredibly stupid to swallow that kind of nonsense.

At the same time the government accuses us of connivance and trickery they say the vote was a mistake; it was a miscalculation. It was a snap vote or it was a fluke. These are the same people who are levelling these accusations at us today.

Mr. Choquette: You were not supposed to be there last Monday. You have been absent for a year.

Mr. Nielsen: What arrogance.

Mr. Speaker: Order, please.

Mr. Nielsen: Have we reached the stage of dictatorship where in the future only the government will determine when a vote will be a want of confidence vote? This is what that great constitutional authority, the Prime Minister, had to say in 1962:

> Responsible government, which was not gained in Canada without bloodshed, is the foundation of our independence and our democracy in this country. What do we mean by responsible government? We mean that the Queen's ministers are responsible to the elected house of parliament. They have the right to remain in office only so long as they have the confidence and support of a majority of the elected representatives of the people.

• (4:00 p.m.)

This government lost that support and that confidence last Monday night. I quote the Prime Minister again:

> In a parliament where no political party has a clear majority, this confidence and support cannot, of course, be taken for granted by the government... No government, however, has the right to remain in office unless it can command the support of a majority in the House of Commons.

Those are the Prime Minister's words, Mr. Speaker. He has now "pulled a Caouette". This arrogant government, this government that believes that the Liberal party rules by divine right, which is no change from the usual situation, now attempts to carry on government as though Monday night never happened at all. Because the Prime Minister is such an impeccable source, Mr. Speaker, I should like to quote him again. He said:

> This is indefensible and unconstitutional behaviour on the part of one who talks so much about the rights of parliament and the sacredness of our parliamentary institutions.

It is all the more shocking, sir, because we are currently involved in vital constitutional considerations. Questions of great importance are being discussed. Yet we are confronted with the spectacle of a Prime Minister who has lost his mandate from the people and from parliament but is blithely insisting on continuing as though nothing has happened. In the same speech the Prime Minister had this to say:

> I insist that nothing should be done in this parliament...until the question of confidence has been settled in the proper constitutional way. Unless that question is settled first, the right of parliament to control the executive will have ceased to mean anything.

All of those quotations, Mr. Speaker, are from a speech made by the Prime Minister at a testimonial dinner honouring Toronto and district Liberal members of parliament at the Royal York hotel in Toronto on September 18, 1962. What greater authority can I quote than that.

As to this sudden shift by the leader of the Créditistes, the action now taken by that party has, as one colleague has suggested to me, totally "discreditisted" that party. All I can say is that I compliment the Secretary of State for External Affairs on his most amazing powers of diplomacy. So great are those powers, sir, that in my view we should send him at once to Viet Nam.

We have been criticized very mildly for not quoting some precedents. I have some and I commend them to the consideration of the house. The first one I want to lay before the house is "Law of the Constitution" by a highly respected writer, A. V. Dicey. In his ninth edition, pages 418 and 419, the writer explains that our constitutional precepts are divided into statutory precepts and precepts of custom, usage or practice of the commons. At page 420 of his work the following statement appears:

> A ministry which is outvoted in the House of Commons is in many cases bound to retire from office. A cabinet, when outvoted on any vital question, may appeal once to the country by means

of a dissolution. If an appeal to the electors goes against the ministry they are bound to retire from office, and have no right to dissolve parliament a second time.

And at page 430:

The conventions of the constitution now consist of customs which (whatever their historical origin) are at the present day maintained for the sake of ensuring the supremacy of the House of Commons, and ultimately, through the elective House of Commons, of the nation. Our modern code of constitutional morality secures, though in a roundabout way, what is called abroad the "sovereignty of the people."

That is why these customs have to be honoured, Mr. Speaker. That is why these customs need not be regarded, indeed should not be regarded, as a matter of mere rules which can be trampled at will by a government intent upon maintaining office at any price.

What are the constitutional ethics that are required of a ministry that is defeated on a measure such as that which was before the house last Monday night? Let us look at the legal and constitutional position for a moment. Is the conduct of the cabinet in retaining office in this instance constitutionally immoral? This is a point that has been raised by the leader of this party as well as by the leader of the New Democratic party.

Dicey believes that the true rule of the constitution is not that a ministry cannot keep office but that the ministry ought not to remain in office unless they can, by an appeal to the country, obtain the election of a house which will support the government, a support that was not forthcoming Monday night. At page 451 of Dicey's book there is the following paragraph:

The conventions of the constitution are not laws, but, in so far as they really possess binding force, derive their sanction from the fact that whoever breaks them must finally break the law and incur the penalties of a lawbreaker.

I shall have something to say about the illegality of the tax in a moment. At page 455 Dicey continues:

Why is it, to take definite instances of this uncertainty and changeableness, that no one can define with absolute precision the circumstances under which a Prime Minister ought to retire from office? Why is it that no one can fix the exact point at which resistance of the House of Lords to the will of the House of Commons becomes unconstitutional?

Then Dicey gives some examples of when a ministry should properly and constitutionally retire from office. I quote from page 456:

Thus the rule that a ministry who have lost the confidence of the King...the undignified persistency

[Mr. Nielsen.]

from office is plain enough, and any permanent neglect of the spirit of this rule would be absolutely inconsistent with parliamentary government, and would finally involve the minister who broke the rule in acts of undoubted illegality... There are, however, a hundred signs of parliamentary disapproval which, according to circumstances, either may or may not be a sufficient notice that a minister ought to give up office. The essential thing is that the ministry should obey the house as representing the nation. But the question whether the House of Commons has or has not indirectly intimated its will that a cabinet should give up office is not a matter as to which any definite principle can be laid down.

The difficulty which now exists, in settling the point at which a premier and his colleagues are bound to hold that they have lost the confidence of the house, is exactly analogous to the difficulty which often perplexed statesmen of the last century, of determining the point at which a minister was bound to hold he had lost the then essential confidence of the King ... the undignified persistency with which later cabinets have occasionally clung to office in the face of intimations that the House desired a change of government.

Nothing could have been clearer last Monday night than that the opposition in this house was united in demanding the resignation of the government.

The Prime Minister is charging the opposition with being irresponsible, and I have dealt with that. The opposition has been "irresponsible" by marshalling and parading all of the blunders of which this government has been guilty over the years. In this regard I should like to quote what Dicey has to say. I read from page 599:

One may add that the whole current of modern constitutional custom involves the admission that the final decision of every grave political question now belongs, not to the House of Commons, but to the electors as the representatives of the nation.

"Cabinet Government" by Jennings, second edition, was one authority cited by the Prime Minister. In discussing the role of the supporter Jennings says at page 441:

• (4:10 p.m.)

Above all, a supporter of the government is very unlikely to take any step—

Or to refrain from taking any step, such as being absent.

—which will defeat the government. For, if it is defeated on a major issue, it will resign or dissolve parliament.

At page 446 we find this statement:

The house possesses the instruments necessary to determine the fate of governments. If it fails to approve the government's policy the government must resign or dissolve parliament.

What could be more positive than statements like these from a respected and noted writer? He goes on to say:

—the house can...make the levying of income tax and surtax unlawful by failing to pass the finance bill.

I continue quoting from page 450:

A government will not give way on a major question of policy.

No one can contest that the measure which was brought forward last Monday night was not a matter of major government policy. On page 457 Jennings says this, and I am about to read the quotation that the Prime Minister read in part but did not finish:

It must not be thought, however, that a single defeat necessarily demands either resignation or dissolution. Such a result follows only where the defeat implies loss of confidence.

Our case is that the defeat of the bill on Monday night implied loss of confidence because that bill was the very core of the government budget. Citing Mr. Ramsay MacDonald of England in 1924, Jennings says on page 459:

The Labour government will go out if it is defeated upon substantial issues, issues of principle, issues which really matter... If the house on matters non-essential, matters of mere opinion, matters that do not strike at the root of the proposals that we make, and do not destroy fundamentally the general intentions of the government in introducing legislation—if the house wish to vary our propositions, the house must take the responsibility for that variation—then a division on such amendments and questions as those will not be regarded as a vote of no confidence.

We have the matter in the negative as well. I have been unable to find an example of a government which, having been defeated on its budget, has failed to resign.

Mr. Woolliams: That is quite right.

Mr. Nielsen: I shall be only a moment or two, sir. At page 461 Jennings says:

Four factors really determine the attitude of a government to a parliamentary defeat.

He lists these factors and goes on to say:

The fourth is the importance of the proposal or matter on which it was defeated. A defeat on an important part of the budget, as in 1852 and 1885, is obviously too important to be passed over.

The last precedent I wish to cite is from "The Government of Canada" by Professor Robert MacGregor Dawson, professor of political economy at the University of Toronto. The position which he reinforces is to be found in an article in *The Canadian Journal of Economics and Political Science* for August, 1946. He says in part:

The cabinet must therefore introduce and sponsor all measures to spend or to raise money; and as any proposed amendment which would endeavour to diminish a tax or an expenditure contrary to the cabinet's wishes would be treated as a vote of lack of confidence, its control over finance is not likely to be seriously threatened.

So we have it from this acknowledged constitutional expert that a vote like last Monday night's vote can be treated, by implication, as a vote of non-confidence. He fortifies that position by saying on page 265:

Thus if a cabinet is defeated on any of its measures or on a vote of censure by the house, one of two consequences must ensue: either the cabinet must be changed so that the commons can obtain an executive which will give it the leadership it desires, or the commons can obtain an executive which will give it the leadership it desires, or the commons must itself be changed to provide the cabinet with the support to which it is entitled if it is to remain in office. One of two courses of action are thus available following a cabinet's defeat: the resignation of the cabinet, or the dissolution of the house; the one gives the house a new cabinet, the other gives the cabinet a new house.

That is the constitutional position, sir, and this government is flying in the teeth of that position. We have a government whose major policy is to cling to office. The Prime Minister on Friday gave us the spectacle of a man clinging to office like a drunken man clinging to a sinking spar. All the others were clinging with him. Their major financial policy was defeated, rejected and repudiated by parliament last Monday night but they are prepared to swallow that. They will swallow anything as long as they can stay in office.

Mr. Starr: It turns one's stomach.

Mr. Nielsen: Our stomachs and the stomachs of the people of this nation are not that strong. One can understand the government's desperate desire to stay on. They have made such a mess of things. They are terrified of what a new government would uncover. A cursory reading of the Auditor General's report reveals the existence of skeletons in the government's closets, skeletons of such dimensions that their existence must be a waking nightmare to hon. gentlemen on the treasury benches.

This government is living on borrowed time and all that we on this side can do is close its eyes. It has forfeited the right to occupy the treasury benches. It is a bankrupt government, politically and economically. It is a government which will go to any lengths

to stay in power because so bad is its situation that it must go to those lengths. For the first time this government's budget has been rejected.

I ask hon. members to reflect coolly and sensibly on what the Prime Minister said on national television and in this house and what the Minister of Finance said. They said that the defeat was a fluke and that "somehow we have got to raise $475 million." That was the statement we heard on television last night. This government's fiscal policy was rejected last Monday night and now the government has the utter gall to inform the Canadian public and this chamber that though the income tax measure was rejected the government will try to go ahead and somehow accomplish the objectives it had in view originally.

When the President of the Privy Council (Mr. Gordon) was minister of finance his budget of 1963 was rejected by business, by parliament and then by his colleagues. His colleagues were the last to know. That reminds me of a television commercial—"even his best friends would not tell him." Nevertheless, though the budget was repudiated the minister, as will be recalled, was retained. Thus, at the outset of its term in office this government demonstrated its ability to make constitutional history. If this sort of thing happened at Westminster the minister concerned would be out immediately. And so it should be here, by all yardsticks. So it should be with the present Minister of Finance. His policy has been rejected and repudiated in no uncertain fashion and there is only one course open for him under proper constitutional practice.

The former minister of finance was cast out by the Privy Council largely because of his unyielding opposition to the Rockefellers and the Mercantile Bank. His successor was more amenable. The government once again is attempting to make constitutional history. The very foundation of its budgetary policy, the 5 per cent surcharge, was rejected but still the government insists on clinging to office.

Mr. Woolliams: And on collecting the tax.

Mr. Nielsen: And on collecting the tax. I now wish to say something about the illegality of that tax. At page 447 of his work Dicey says:

> Then, again, though most of the taxes would still come into the exchequer, large portions of the revenues would cease to be legally due and could not be legally collected—

• (4:20 p.m.)

This is the consequence of the defeat of a tax measure.

> —whilst every official who acted as collector would expose himself to actions or prosecutions. The part, moreover, of the revenue which came in could not be legally applied to the purposes of the government. If the ministery laid hold of the revenue they would find it difficult to avoid breaches of definite laws which would compel them to appear before the courts.

Dicey goes on at length to explain the illegality of a proposed tax after the defeat of such a measure. I maintain that this tax has been illegal since the beginning of the year and if the government attempts to use it for any of its purposes such an act will be an illegal act and every official who aids and abets in the improper application of that revenue is also legally responsible.

When one thinks of a government in the position in which the present government finds itself, one is irresistably reminded of that species of the animal kingdom which clings to one position, upside down. I think it is called a three-toed sloth. It is an animal which, like this government, prefers to be in an upside down position and whose every instinct, again like this government, is to cling to the end of the limb. This is the Pearson government. They cling, they continue to cling, and they produce nothing. Now, however, they will somehow be obliged to produce something like $475 million to carry out their riotous and extravagant spending proclivities.

Leaving aside the constitutional question for the moment, for there is no way, I suppose, of forcing an obnoxious tenant to vacate after the lease has run out, I firmly believe that parliament reached its finest hour the other night when it told this high-spending government it would not agree to force on Canadians a totally unnecessary 5 per cent increase in taxation. The Leader of the Opposition (Mr. Stanfield) put the position of this party clearly and succinctly. I might say there are many contrasts between the leader of this party and the Prime Minister. The speech which my hon. friend opposite delivered last Friday was factual, honest and truthful.

Some hon. Members: Hear, hear.

Mr. Nielsen: When the house took the action it did on Monday night it was speaking as an institution representative of the people. It had a right to take the action it did. It spoke on behalf of all Canadians. It said to the government: This is the end of the road.

To attempt now to undo by indirect means what the government dare not do directly is the height of irresponsibility.

They talk about trickery. What about this motion? If it is not trickery, what is trickery? Here is a motion which casts a slur upon parliament, a motion which reflects upon a vote of this house, tries to limit its effects, get the government off the hook and introduces a new definition of the word "confidence" as used constitutionally. Both directly and indirectly the motion reflects on parliament's actions.

Let it not be forgotten that these arguments could have been raised as points of order last Friday morning. We did not wish to impede the progress of the business of the house. We on this side took, almost unanimously, the responsible stand that we wished to get the matter settled, and get it settled we will. Nevertheless, the facts have to be made known. The Prime Minister said last night in the course of a national television broadcast that "the black headline of today is on page 37 next week." That is what he hopes. He hopes the Canadian people will continue to be bamboozled by those who irresponsibly disregard the constitutional position.

We now have a government which is telling parliament what to think, attempting to define what is and what is not a vote of confidence. The house voted that it did not have confidence in the government's policy. Now the government brings in a motion which in effect says: Oh, yes, you did. Those who are prepared to accept this advice are writing a final chapter to the authority of parliament and to parliamentary control of the executive by the people of this country. That is the position in which they find themselves, and it is a totally untenable one constitutionally.

The question is now before the jury, and while the jury may reject it because one or two of them have been influenced, there is always the court of appeal. The people of this country will decide whether this shabby and shoddy tactic by a discredited government which has lost the confidence of this house will be sufficient to get it back in office.

Some hon. Members: Hear, hear.

Mr. Steven Otto (York East): Mr. Speaker, I think I have heard some of the best legal arguments both for and against this motion, arguments as good as could be put forward by any competent Philadelphia lawyer. And I dare say further arguments could be advanced, one way or the other. But what it all boils down to is this. There is no doubt that so far as that vote was concerned the government was defeated.

Some hon. Members: Hear, hear.

Mr. Otto: That is so according to the constitutional traditions, customs and usages at present. I wish to point out, however, that from time to time many motions and resolutions have been put forward by private members indicating a desire to institute reforms in this connection and provide for a better definition of "confidence" and "non-confidence" in parliamentary terms.

I believe that the Prime Minister (Mr. Pearson) grasped the situation quite correctly when he indicated that despite the customs and usages of the past the people of Canada today were not in a mood to accept another election.

An hon. Member: After the event.

Mr. Horner (Acadia): Change the rules in the middle of the game.

Mr. Otto: I do not pay much attention to the argument that failure to pass the finance bill or something like it would mean fiscal ruin for the country. It is not a relevant argument. Nor does it matter whether the vote was contrived by trickery. In my opinion the Prime Minister very accurately grasped the mood of the people of Canada and I believe he made the proper decision. However, again I am taking the Prime Minister at his word when he said he was going to place a vote of confidence in his administration before the house. Then he continued by saying he felt the Canadian people wanted the government to continue in office, hold a convention to pick a new leader, have a new government, and then it would be up to the new prime minister to pick an election date.

• (4:30 p.m.)

If that is the motion then I say there are two parts to it. The first question is whether the present administration up to this moment deserves a vote of confidence, and the second question is whether a future government will deserve a vote of confidence. Those are two entirely separate questions.

Dealing with the first question of whether or not this administration deserves a vote of confidence, specifically my vote of confidence, I wish to point out that despite what may have been said I am not immune to party discipline and if I thought for a moment that

this government was as close as it should be to the Liberal party and Liberal party policy, my answer would have been yes. I do not deny that this government has introduced many good measures, but I put it to the treasury benches that the Liberal party is synonymous with reform. They mean one and exactly the same thing. Liberalism is reform. The question then is whether this has been a reform government. As I say, some of the measures that the government put forward were very good. But with respect to some measures in the Liberal policy platform that were put forward the kindest thing that could be said about them was that they were improperly put forward, badly administered, and the results were not what they should have been. As one example I mention the 10,000 scholarships which were part of the Liberal platform in the 1962 election campaign. That was a very simple program. That program could have been easily introduced but instead we got into a mixture of banking, scholarships and university subsidies. This has resulted in very bad administration of both the scholarship plan and the banking plan, so that today very few people can really take advantage of the program and some of those who do abuse it. As a result we have allowed university students to graduate with a $5,000 debt which, with another $5,000 debt by way of a dowry for their brides, makes a total of $10,000 they have to pay to the banks at a time when their earnings are not the highest. Thus it is no wonder that United States companies find it possible to entice them to jobs with higher salaries in the United States. This is an example of a good idea lacking that bit of professionalism that would have made it workable.

The Canada Pension Plan is a good plan. It was agreed to by all. Nevertheless among the older people of this nation it is creating two classes, those who come under the plan and those who do not. They are about equal in numbers. Some are going to get an accelerated pension but others will not because they were too old to qualify when the plan started. I say it would not have been too difficult to devise a plan that would have covered everyone.

Then there is the medicare plan, another policy of the Liberal party, but for some reason those Liberals who so strongly supported the medicare plan are now against it. Daily I receive letters from well known Liberals, people who originally supported this plan and who are now wondering whether it is really a good thing.

[Mr. Otto.]

I know where the Liberal party stands on foreign ownership. The Liberal party has never been in doubt. The Liberal party is greatly concerned about the fact that some 67 per cent of our industrial destiny is in the hands of people who are not Canadians. It is also concerned about the more than a billion dollars worth of equity, profits and dividends leaving this country. It is concerned because this money could be devoted to new capital investment. But what are we going to do with the proposed Canada development corporation? What has happened to it? It is not enough, so far as Liberals are concerned, merely to re-establish the hon. member for Davenport (Mr. Gordon), who first proposed the Canada development corporation, as a member of the cabinet.

Labour relations have always been one of the main features of Liberalism. Most members of the Liberal party are concerned that now should be the time to introduce great reforms that would put an end to work stoppages merely because of labour disputes. Some time ago the hon. member for York South (Mr. Lewis) spoke in Montreal and said that labour relations were a matter of great concern. He said that surely the government should tackle this problem to see if some solution could be reached by which production would continue so that our gross national product would increase and we could afford all the social measures that we have introduced. Imagine my surprise when I read reports to the effect that when one of the present ministers indicated he fully supported the principle of fiscal responsibility the government looked with great awe upon his statement and told him, "Now, be careful; you have said something that is not quite in keeping with our Liberal policy." Yet fiscal responsibility has always been part of the Liberal party platform.

With respect to financial reforms I do not say that all the recommendations of the Carter commission should be adopted but I do say that a great many Liberals feel it is time for reforms to the whole tax structure. But what have we done?

Housing is a classic example. It has always been one of the main features of Liberalism that the party sincerely believed every Canadian should be entitled to purchase a home of his own. I need not go further and tell you what has happened to our housing policy, if we have a housing policy. But I question whether it was really a Liberal minister who said in public that Canadians have to get accustomed to the idea of living in apartment

houses and that they will never be able to own their own homes. I cannot imagine that this is Liberalism. Therefore, I have very grave doubt whether this government truly represents the Liberal party of which I am a member.

I am not saying that all these reforms could have been undertaken immediately, but over a period of five years we have had lots of time to tackle the problems. I know that all Liberals are anxious to bring about reform and in fact have a zeal for it, but it seems we have a government that will accept reform only at gunpoint. I think Liberals want reform in giant strides and not in the mincing steps that this government seems to take.

Let me put the whole matter of reform or lack of reform in miniature. Back in 1962 I pointed out the problem of our page boys. I am not going to delve into it at length now because all of us are aware of it, but it is a fact that we have 17 page boys, each of whom is a drop-out from school. They do not attend school. Our party says that education is the most important thing. Yet nothing or almost nothing has been done about this problem except for the Speaker's constant urging on it. In short, the government has not seen fit to tackle this problem and we are still faced with it.

• (4:40 p.m.)

There is a difference between zeal for reform and a keen plan for reform. Were I faced with the problem of voting confidence at the present time in this government on its record I doubt that I could. In the last few months I have been convinced that we have sincere and keen reformers in this party, some of whom are anxious to take over the leadership. We have seen some very good legislation brought forward. In all fairness hon. gentlemen opposite and on this side must admit that some of the measures introduced and to be introduced contain a spirit of reform which one might describe as embodying giant steps. Consequently I must move to the third proposition put forward by the Prime Minister. He suggested we should allow this government to continue until a new leader is elected and a new government appointed. I hope at that time we will have what I would consider a real Liberal government, and I am satisfied that we have good hopes in this regard.

There is one other matter relating to the administration that bothers me. I have in mind the whole question of two Canadas and national unity. We all realize there is a great problem which must be solved and that involved in the answer is bilingualism. Bilingualism could be introduced very effectively and well, but I cannot forgive the government for passing on this problem to a royal commission not so much on the basis of language as on the basis of race. The initial words of the reference to the commission emphasized the two founding races. Any government should have known that this whole problem also involves Canadians who are of neither French nor English origin. These people have had enough of race problems and want no part of this one. The difficulty today is no longer one of bilingualism or biculturalism but rather one involving race. I hope the next leader of the Liberal government will face this issue and I hope that the Liberal party will have the courage to say it has had enough of racial division. There is no such thing as unity through division. We have a great challenge to meet today in the nation, and I hope the new Liberal government under the new leader will concentrate on this problem by forgetting about division.

None of the leaders or potential leaders of this party has satisfied me that he is attuned to this problem. For this reason I will reserve my decision and vote for the government on this motion. I believe there is an opportunity for true Liberalism and a true Liberal government, but I still have to be convinced that a future Liberal government will be a true Liberal government. My vote today is not a vote for the same type of administration.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as other members of this party have mentioned, I trust this issue can be resolved today. I wish to rise in explanation of my position before the vote is taken. It is somewhat different from the position taken by my party colleagues. Our party practices democratic principles. Any member has the right to vote according to his conscience provided he explains that his vote is based purely on a personal opinion and does not represent party policy. This has been done by several members of this party on a number of occasions. I well remember that when the former government of Right Hon. John Diefenbaker was defeated there were two of us in this party who voted for the maintenance of that government on the evening it was defeated, in opposition to a caucus decision.

My remarks are not related to party policy or programs but rather to tactics. In my opinion the matter before us has nothing to do

with party programming or general policy but involves a question of strategy or generalship in the art of political warfare. That is what we are engaged in at the present time.

No one can condone the mismanagement of the present government. I fully realize we cannot blame this government for all the circles of inflation. All the bankers of the North American continent know that this inflationary period is primarily the result of the war in Viet Nam. The United States economy is carrying on in a war-oriented atmosphere without those controls which were available during the two previous wars in which the United States fought. As I see the present situation it is one in which tactics are being used to persuade the Canadian people that the government should be defeated now.

There is a great deal about this situation which concerns me, and I am treating this matter of a strictly non-partisan basis. Strong views are held in respect of both sides of this question. As a member who has had continuous service in this house since 1945 I have considered this question carefully and have come to the firm conviction that an immediate dissolution of parliament would not be in the best interests of this country or the Canadian people. It was with pleasure that I noted in the last few days a partial restoration of the spirit of fair play and the sense of humour which are usual in this house. I suppose it is correct to say that the steam has gone out of this debate, since everyone now knows the government will be sustained.

I have a great deal of respect for the Leader of the Opposition (Mr. Stanfield) and I was interested to hear him say, "In the name of God, go". I believe he was quoting Cromwell but he did not carry this to its logical conclusion. When Cromwell was telling the government to go he was almost threatening assassination if they did not go. I am sure the Leader of the Opposition did not mean that.

My position is simply this. The first necessity is for the government to deal as soon as possible with important and urgent legislation of direct concern to the people, such as revisions to the National Housing Act and amendments to the Unemployment Insurance Act to increase benefits to the unemployed. I have received a number of telephone calls in this regard from union members. Another important matter involves amendments to the Patent Act and the Trade Marks Act. A number of consumers are very concerned in this regard and are anxious to see this bill go through because of potential reductions in the price of drugs in this country following the passage of this legislation introduced by the Minister of Consumer and Corporate Affairs (Mr. Turner).

• (4:50 p.m.)

Many people are very interested in the supplementary estimates which will provide for the payment of a 15 per cent increase in disability pensions from the first of this year. I have received a good number of telegrams and telephone calls about that matter and I want to tell the house what I told my boys in Kootenay West. I said: "As far as I am concerned, you can depend on me."

Then there are the amendments to the Criminal Code, if it is possible to deal with those before an adjournment. A number of people are concerned about that matter.

Mr. Horner (Acadia): What about Bill C-186?

Mr. Herridge: I think that will disappear this session. A number of people who have talked to me are very concerned about amendments to various sections of the Criminal Code. They are very much in favour of the general spirit and principle of the amendments to the Criminal Code but in a few cases amendments were suggested by rod and gun clubs, wildlife federations and so on. Suggestions have also been made to me in respect of the lotteries section of the Criminal Code. However, in each case these people emphasized their support for the general principle of the amendments to the code.

I believe we must provide time for the Liberal party to select a new leader before an election campaign if we are not to have complete chaos in this country. In my opinion, to run a leadership race and an election campaign at the same time would make a farce of the voters' right to assess the qualities of the new Liberal leader before the people of Canada go to the polls. As a result of telephone calls, telegrams, letters and conversations I have had with a number of people I find that this opinion is held by many Canadians. Not all the people know all the facts but I have had enough information from people I represent, from people in British Columbia and people in other provinces, to indicate that they support this point of view.

For instance, I have had telegrams and telephone calls from organizations such as the Fellowship of Reconciliation which are very concerned about international affairs. I have had telephone calls from ladies interested in

the Voice of Women. I have had telephone calls from sections of the New Democratic party who are of the opinion that the Leader of the Opposition should have the opportunity to outline in the house the foreign policy of his party prior to an election. These people are concerned about the war in Viet Nam. They are concerned about the policy his party would pursue in connection with NATO, NORAD and other international affairs. They believe that the Leader of the Opposition should have the opportunity to place on the record of the house the policy of his party in international affairs.

I have had telephone calls from persons who are very concerned that the bill increasing benefits for the unemployed should pass as soon as possible. I think we are pretty well along with that legislation. I have had telegrams from veterans to the effect that the defeat of the government at this time will mean they will not receive the 15 per cent increase in pensions. Some of them mention that this would be disastrous to many veterans, widows and their children. I assume, naturally, that any government that was elected would restore the 15 per cent increase but these men would have to wait until possibly late this fall, if there were an election in the near future, before they would receive the increase. A great number of veterans are looking forward to receiving the increase on April 1 next, retroactive to January 1 of this year.

I have had conversations with consumer groups who are looking forward to the early passage of the bill aimed at reducing the price of drugs. They are very interested in this matter. I received a telegram from the city of Trail signed by 29 people, a number of them well known Conservatives, some members of the Social Credit party and some members of this party.

An hon. Member: No Liberals?

Mr. Herridge: I did not see the names of any Liberals on the telegram—not that I would know them, anyway. The telegram urges members of parliament to get back to conducting the business of the nation as mature and responsible citizens. I have seen a telegram from Regina which reads as follows:

> Disagree with Conservative and N.D.P. position on confidence motion. Is discrediting parliament. Monday night defeat was unfortunate mistake but should not force unwanted undesirable election through procedural technicalities. Be fair. Allow Liberals choose new leader then force election if considered desirable. We are N.D.P.
>
> Clare V. Powell
> Barrett D. Halderman

In fairness I must say that I received a telegram from one provincial section of my riding urging me not to abstain from voting non-confidence in the Liberals, but when I get home they will understand the reason for my taking this position today. In fact they told me: "We know, anyway, that whatever you do it will be right, Bert."

Some hon. Members: Oh, oh.

Mr. Herridge: I must say that I have also received a good number of messages and telegrams from the rest of the riding to the contrary.

Mr. Fane: Did you have a visit from Paul Martin, too?

Mr. Herridge: No, Mr. Martin is not in the habit of visiting my office.

An hon. Member: How about the Secretary of State (Miss LaMarsh)?

Mr. Herridge: No, the Secretary of State has not been to my office.

Miss LaMarsh: Lately.

Mr. Herridge: No undue influence at all has been brought to bear on me. I have nothing to gain from taking this position. I am simply taking an objective point of view with respect to a serious situation that faces the Canadian people. I realize and respect the position taken by the Progressive Conservatives. I respect the opinion of my colleagues. They take their position as a result of firm convictions that the best thing to do is turn this government out immediately.

Some hon. Members: Hear, hear.

Mr. Herridge: Mr. Speaker, I have brought to the attention of the house some of the facts that have been drawn to my attention by various means of communication. I urge that these facts be given serious consideration. If we were to have an election at this time the Canadian people would be placed in the position where the new leader of the Liberal party would not have had the opportunity to announce his policy and program before the election. In addition, the new leader of the Progressive Conservative party would not have had an opportunity to place the program

of his party, particularly with respect to international affairs, on the record of this house. I have received telegrams and messages from Toronto, Vancouver and Montreal on this issue. I urge that when this debate is concluded the leader of the official opposition place his party's policy on the record of this house so that the Canadian people will have an opportunity to discuss it.

Therefore, Mr. Speaker, after assessing the situation from all angles and in a strictly non-partisan and statesmanlike manner, as a representative of the people not only of Kootenay West but of Canada and not as a delegate but as a person who has to use his own judgment as a result of assessing the facts, I intend to let my conscience guide me when the vote is taken.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, taking the floor this afternoon my first impulsion would be to reply to the injurious, unintelligent and unfair remarks made earlier by the hon. member for York East (Mr. Otto) about the report of the Laurendeau-Dunton commission. I even think that it would be taxing the patience of the house to try to talk to deaf people who do not want to hear and to open the eyes of those who do not want to see the facts. I simply suggest that I am one of those who are shocked to see that the hon. member for York East and I might add, the hon. member for York-Humber (Mr. Cowan) insist on remaining in the Liberal party when they should sit with the independents to complete the spectrum of independentists of all the parties and also possibly give me the opportunity to bawl them out to my heart's content from morning till night.

Mr. Speaker, even if I am used to making my remarks in my mother tongue, this afternoon in order to answer the hon. member for York East in a more objective way and to show that, in my province, we are not narrow-minded, I shall make my remarks in English, in the hope that my English-speaking colleagues, who can do the same—and there is a good number of them who can—will have the opportunity to show the same broadmindedness by expressing their faith concerning bilingualism in Canada.

• (5:00 p.m.)

[*English*]

Mr. Speaker, I am one of those who are inclined to believe that enough has been said in this debate. However, it might also be appropriate at this time to present a cold-blooded and independent appraisal of the situation. If I were a Liberal this afternoon I would be inclined to ask myself whether my face is red after the bungling of last Monday, the loose strategy and the demonstration of overconfidence which the Liberals have shown in thinking that members of this house will always vote with the government because none of them is anxious to vote for an election.

Perhaps I should also ask whether my face is red because I was absent from the house on Monday night, although I must say that I had a good reason, namely, that a minister of the crown was present in my riding on that day and we in that part of the country have a tradition of hospitality. Whenever a V.I.P. comes we try to be there to extend to him our warmest hospitality. Whenever a minister of the crown or a leader of any party in the house honours us by coming to my home town I believe it is my duty to greet him there in the name of my constituents. I do not have to apologize for not being here last Monday because I think my record of attendance can be compared with that of anyone in the house. Had I been in the house on that day I would have voted against the 5 per cent increase in the income tax for reasons which I will explain at some other time.

There is another explanation I should like to give. I notice that several times newspapermen have labelled me as Liberal-Independent or Independent Liberal. I would like to remind them that I ran as a straight Independent. They might be surprised to learn this because I support the Liberal government most of the time. The reason is that this is what my constituents have asked me to do. If the Conservatives were in power I would do the same, assuming of course that they would not blunder as the Liberals have.

I have not been sent here to oppose the government. My constituents realize that we are living in critical days. They feel that now is the time to co-operate. If they had been certain that the Liberals or the Conservatives would win in the last election they would have asked me to stand with the winning party, but since they know this government is a minority government they asked me to try to co-operate with those who have been elected. When unacceptable measures are brought in such as the 5 per cent increase in income tax, my constituents ask me to vote against them. In this case I had good reason to do so.

I am not necessarily a member of the opposition. Let me rather say that I am a member of the co-operation party, and I think I am the only member of this party in this part of the house, even though that may seem like boasting.

I should now like to speak about what happened last Monday night. Some of our colleagues have demonstrated by legal arguments and citations that the vote last Monday was a vote of confidence. Others have tried to prove to us that it was not. Whenever there is a difference of opinion and arguments are presented by men as serious as those whom we have heard in the house, I say that I think the house is master of its own procedure and government supporters are well justified in asking that a vote be taken and a decision made regardless of whether or not the previous vote was one of confidence. I think that precedents are not sufficient to settle the case when there are so many differences of opinion. We should vote on this matter and see whether or not the majority of the house has confidence in the government. I think the Prime Minister is right in asking for the clearcut opinion of the house.

It is my personal belief that the vote last Monday night was a vote against the increase in the income tax. It was a vote in support of what I would call the forgotten man who does not care a hoot about an election now but is desperate about the rise in taxes. A certain diplomat referred to the forgotten man in this way:

> The forgotten man (who) is delving away in patient industry, supporting his family, paying his taxes, casting his votes, supporting the church and school, reading his newspaper and cheering for the politician of his admiration, but he is the only one for whom there is no provision in the great scramble and the big divide. Such is the forgotten man. He works, he votes, generally he prays—but he always pays—yes, above all he pays.

This is the man who needs to be protected under the circumstances. I think that the vote last Monday night was a vote against the increase in taxes. As Franklin D. Roosevelt said in a speech in 1932:

> Taxes are paid in the sweat of every man who labours...Our workers may never see a tax bill, but they pay. They pay in deductions of wages, in increased costs of what they may buy, or in unemployment throughout the land.

We have reached the point where increases in taxes should be stopped. I think the salaried people of our country are overtaxed and they are not happy to see their legislators vote for an increase, especially in the income tax. Tax money should be found somewhere else, and I will mention later one or two solutions.

When situations of the kind we face here arise in the house there are always some people who talk about scandals, crises and dissent among the parties. This must not be overdone. We live in a democracy, and even if occasionally we may appear to behave childishly this may be democracy at its best. For example, it has been said by numerous members of the press that the Liberals have lost the confidence of the Canadian people and that they are a weak government. It may be true that they are a weak government. We knew that the day after the election which resulted in a minority government. If the Conservatives had been in office they would also have been a weak government because, as we know, a minority government would have made them weak. However, let us say that the Liberals are trying to do their best under the circumstances, and let us say they are well supported by an opposition that is constructive most of the time, even if occasionally they think about the next election too much. I think the Conservatives are doing a decent job under the circumstances. Even if the Liberals made an awful blunder and engaged in a childish bungling of strategy last week, we must realize that this could have happened to anyone else, for such is human nature.

It has also been said that the Conservatives resorted to trickery. I do not believe that. I think the Conservatives have been doing their job. I am one of those who think that the leader of the Conservative party made a very fine statement when he said: "I am a patient man and I can wait for the verdict of the people." When he let us understand that his party would not resort to filibustering I believe he increased his prestige in the eyes of the Canadian people.

Some members have been blamed by the press and by some of our colleagues for what is considered by some to be a change of attitude. I believe an intelligent human being is always entitled to think about his attitude and, in view of new information, change his mind. The French have a saying that only fools do not change their minds. I am not one of those, therefore, who wish to blame the Creditiste members for changing their minds. I believe that rushing into an election on an issue like the 5 per cent increase in taxes would have made their position very good, perhaps better than the position of the Liberals. I believe the Creditiste members have

thought of the good of the Canadian people. They have assessed all of the circumstances and made up their minds. I do not believe they deserve the condemnation of some of my colleagues and the press.

• (5:10 p.m.)

I am reminded of the fact that the press printed the names of the members who were not present. I believe there were 98 of them. The press has been severe in its criticism of absent members but no mention was made of the reason some of them were absent. A good many of our colleagues were on official business. This should have been stated. Some were in their ridings taking care of the needs of their constituents.

There are a few members, of course, who are often absent from the house, but it is the business of the whips and the leaders of the parties to take care of them. I do not believe there should be a general condemnation of all the members who were not here on Monday night. The other day in this house the leader of the Ralliement de Créditistes said: "I cannot vote against the government because I do not trust the Conservatives any more than I trust the Liberals." Personally, I would put it another way. I trust the two major parties and their leaders equally but I am one of those who feel that rushing into an election now would not be good, even for the Conservatives. What is the use of rushing into an election? We should give the Liberals a chance to get organized and then we can ascertain if there is any chance of having a government with a substantial majority. This is not the time for an election. During the week end I consulted with my constituents, and they belong to all the different parties. They indicated that a party like the Liberal party is entitled to go through a convention and choose its new leader. This is a democratic process and is part of our democratic system.

The international situtation is also very complicated. This is one reason I would not like to be rushed into an election. There are many reasons which justify us in supporting the government. The economy of the country is in a critical situation, and we are not alone in this. Many countries in the world have sick economies. Our economy needs special care at this time. My constituents were also worried about the cost of an election and about the stagnation of business that occurs during an election. They were thinking also of the time this house would lose and of the many things with which we should occupy ourselves. I believe that the hon. member for Kootenay West (Mr. Herridge) mentioned this fact a minute ago. I want to congratulate him. He is a good independent, and I am waiting for the day when he will come and sit with us. I am reminded of the remarks made by a mid-nineteenth century politician, Mr. Macaulay:

> Timid and interested politicians think much more about the security of their seats (or their party) than about the security of the country.

My people are convinced also that if we have an election now the result will be a minority government. So what is the use of going through all that expense? Let us wait until the major parties are properly organized and then the independents and other parties will watch the big struggle. We will have a lot of fun. I pray that we are not charged amusement tax for that fun. We have a lot of work to do now so this is not the time for an election. I would remind the house of what Abraham Lincoln said, that you do not swap horses in midstream; you wait until the river is crossed.

I believe the first thing we should do is to amend the procedure of the house so that when there is a confidence vote members will have notice of it. They will know what they are voting for. This should have been done by the Conservatives or the Liberals long ago. We have just lived through a situation through which we should not have had to live. I have a suggestion for the Liberals. Instead of raising taxes on the little people, why not take a second and a third look to see if you cannot cut expenditures, to see if you cannot cut the defence budget by a few hundred million? This is the time to live within our means. This is not the time to spend, spend.

We should realize that taxes are high, as are interest rates. The banks are already charging 7.5 per cent and 9 per cent is being charged on some mortgages. I believe it is high time expenditures were cut before our people go bankrupt. I feel we should postpone an election until later this year. I am one of those who believe we should have an election this year but not at this time. This is a time for action, not for an election. If we called an election we would be acting like irresponsible politicians. Our reputation across this country is not too good. There is no point in closing our eyes to this fact. I believe it is high time we improved our reputation and acted as responsible politicians. If we do not there will

be more people writing as Charles Edison did in 1948:

> Some people put themselves above politics saying, "Politics is dirty", or "I have no patience with politics." In the name of all that's American (Democratic) how can any good citizen feel superior to politics? We achieved our independence by politics. We freed the slaves by politics. We are taxed by politics. Our business flourishes or withers by politics.

If we have bad reputations as politicians, perhaps it is because we have indulged too much in the sport of childish quarrels. I want to repeat that the leader of the official opposition has acted in a way that will increase their prestige because he refused to let some of his members engage in a filibuster. I believe this was the right thing to do.

I want to say that I will vote for this motion. I do not do so because I believe this government is perfect. However, I do not think another government would be any closer to perfection, so what is the use of changing? As I said, I have consulted my people. I am convinced this is a time for action and not a time for an election. I repeat that we should, without delay, amend our procedure, and we should try to cut expenditures instead of increasing taxes. Then we can go into an election some time toward the end of this year. I hope that after that election all my present colleagues will return.

• (5:20 p.m.)

[*Translation*]

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, may I put a question to the hon. member for Trois-Rivières?

Mr. Mongrain: Yes, Mr. Speaker.

Mr. Valade: Is not the hon. member for Trois-Rivières fully aware of the fact that the Conservative party never asked for elections at this time of the year, but for the resignation of the government which proved itself unfit to manage the nation's business? We never spoke of elections. There are certainly other possibilities, and the hon. member for Trois-Rivières will agree on that.

Mr. Mongrain: I would like to tell my good friend and colleague for Sainte-Marie (Mr. Valade) that his question is as insidious as certain interventions of his on television the other day and that he is misrepresenting the problem.

It may be that no one said it clearly in the riding of Sainte-Marie, but in certain quarters people have said: It is time for you to go. For instance, one English politician was quoted as saying, "For goodness sake, go". What did that mean?

Mr. Speaker, we must not play on words. All those who can count to 130, 135, know full well that a 90- or 91-member party could not administer the country very long; I can hardly see a coalition government made up of the New Democrats and Ralliement des Créditistes. As for the Independents, I can see neither of the three in that government. It would not be long before that government would be defeated. I am convinced that my friend from Sainte-Marie is far more intelligent than he lets on.

Mr. Valade: Mr. Speaker, I should like to tell the hon. member for Trois-Rivières that he is as intelligent as I thought him to be.

[*English*]

Mr. Terence Nugent (Edmonton-Strathcona): Mr. Speaker, I am very happy to take part in this debate. I must say I am glad I did not have to speak on Friday afternoon. The leader of our party did such a tremendous job that I would have found it very difficult to follow him at that time. Perhaps I am exaggerating when I say it was one of the finest performances I have seen in the house because there was a very bad performance to contrast it with which perhaps made it look better than it really was. The whipping that the Leader of the Opposition (Mr. Stanfield) gave the Prime Minister (Mr. Pearson) on Friday had to be seen and heard to be believed. I suppose it is only to be expected that one's job is a little easier when one has a good case. Certainly the Prime Minister had a very tough job trying to put forward what can only be described, even by his friends, as a very bad case presented with his usual mixture of arrogance and evasion.

On coming into the house this afternoon I heard a story connected with the old familiar cry of trickery or that the government was beaten by a fluke. It goes something like this, Mr. Speaker: The Leader of the Opposition was unfair in his battle tactics; the Prime Minister knew he was going to have a battle but he did not realize that the Leader of the Opposition was going to use that most suitable of parliamentary weapons, the sword of truth. This was considered unfair tactics because the Prime Minister is a complete stranger to that weapon and therefore felt that he was going into battle unarmed.

I understand the Prime Minister thinks it is only fair that the decision should be based on the best two out of three. Rather than trying

to settle the matter all by himself he is waiting until one of his champions in the leadership race takes over the battle. As I understand it this is going to be much delayed, because there seems to be a dearth of members on that side who have any familiarity with the weapon of truth. On occasion we in this house are accustomed to observing people who have a little difficulty in getting close to the truth. Some seem to find the idea repugnant and others just cannot find the idea.

There are times, Mr. Speaker, when some of us have to bend the truth a little. For example, the other day the hon. member for Northumberland (Mr. Hees), when replying to a question from the Secretary of State (Miss LaMarsh), proved that he sometimes has to bend the truth to remain a gentleman. I wish we could find such an honourable excuse for the Prime Minister.

I thought the most remarkable thing about the speech of the Prime Minister was the way he set out the case for the government by first stating what he said we had alleged our position to be. Since the easiest case to beat down is not the real position of your opponent but the position that you wish he would take, the Prime Minister began by misstating the position of the opposition. Reference to what the Prime Minister said, as found in *Hansard*, and to what the leader of our party said indicates that there is no basis for the Prime Minister's allegations.

Since the Prime Minister has misstated our position, Mr. Speaker, as a lawyer I ask myself why. When juries all over the world hear cases in court and listen to witnesses they soon find that one of the surest guides to which party is to be believed or to which piece of evidence is to be considered reliable is to determine who it is who uses the truth as much as possible. Whenever somebody makes a misstatement or a misquotation or distorts the facts, then automatically it is assumed that the truth is not going to help their case. In this particular situation the Prime Minister did not put forward the truth when talking about the position we had taken. Neither did he give us the whole truth when he quoted and referred to the authorities and to what the true position is. I think his argument that the vote was a snap vote, a trick and so on was very well dealt with by my leader.

I have been a member of this house for about ten years, and I think I can say that the course of business is pretty well set out.

[Mr. Nugent.]

Certainly I see nothing unusual in the manner in which the bill was brought on last week. The bill had been debated in the normal course of events. The government had announced when it would be taken up. The bill was debated on Thursday, February 15, but was not taken up on the Friday by agreement because the minister was going to be away. All members were aware that it would be taken up again on the Monday. Things followed their usual course on the Monday with resistance to the bill always present, stiffening all the time. Finally the formal vote was taken in the evening and the government was defeated.

I believe that the position the Prime Minister set out should be put on the record. I think I should illustrate exactly the sort of tactics used by the Prime Minister so we can examine just how much faith the Prime Minister has in his own arguments. I say this because I hope to show it is sheer presumption on the part of the Prime Minister to ask anybody to support the position of the government. As reported on page 6922 of *Hansard* for Friday last the Prime Minister said:

> They claimed—

He was speaking of the opposition.

> —and I am not quarrelling with their claim; I am putting their position—that parliament could do nothing until the government resigned or there was a dissolution, except perhaps to discuss opposition criticism of the Prime Minister.

The situation, Mr. Speaker, is simply this. No one made any such allegation. No one with knowledge of parliamentary procedure would argue that those were the only two possibilities. I think this is the nub of the difficulty, and it is where I have trouble understanding the position of those who would support the government in their present course of conduct. The bill in question was taken up in the normal way. It has always been my understanding during my ten years here that a vote on an important money bill is automatically a vote of confidence. Bills which the government lays stress on because they are important to its program are always matters of confidence. From time to time minor bills which are not essential to the government's program are defeated, and such a defeat is not considered a matter of confidence. The importance of bills varies and sometimes it is difficult to know whether a bill is or is not a matter of confidence. Nevertheless, a reliable guide is to look at what has been done with respect to matters of confidence in the past.

• (5:30 p.m.)

We all know that a bill that is important to the government becomes a matter of confidence. That the passing of such a bill implies confidence is understood by the government and opposition alike. That has always been understood in regard to bills such as the one that was defeated last Monday night. That defeat implied lack of confidence. The Prime Minister misstated the position of the government and misrepresented what happened, since he tried to establish an entirely new basis under which our parliament ought to operate.

The hon. member for York East (Mr. Otto) said that the country is not ready for an election and that no election ought to be called. The Prime Minister, to give the nub of his argument, said that the outcome of the vote will determine if there shall be an election. I submit that our constitution, as we understand it, says that on the defeat of a government the Governor General may call on someone other than the Prime Minister to form a government if the defeated Prime Minister asks him to do so. If the new government fails to pass the test of its first vote of confidence the Prime Minister may not have the right to call an election, but there is no doubt that he has that right after he has passed his first test. Only the Prime Minister is entitled to advise His Excellency that there shall be an election, or the Prime Minister can advise, and I think His Excellency is bound to follow such advice, that someone else should head that government which has been defeated, or the Prime Minister can recommend that someone else head a government.

There is no doubt that this government has to resign, but for the Prime Minister to suggest that the resignation of his government would mean an automatic election is to distort the truth and to hide the facts. He tried to mislead certain members of the house into a panic vote to support his government. He did not tell them squarely that failure to support his government would not necessarily lead to an election. As I say, the Prime Minister can resign and call an election, or he can resign and recommend to His Excellency that someone else, one of his cabinet ministers or someone he likes, head the government. On that recommendation His Excellency would appoint a Prime Minister who could form a government and ask this house for a vote of confidence. If he got it he could carry on.

Another solution might be for the Prime Minister to prorogue the session. But the Prime Minister has said: "No, we will have a vote of confidence; we will disregard the constitutional rights by which we have been governed and we will disregard what constitutes a vote of confidence. We will do the most violence that has been done to parliament in Canadian constitutional history, and all because I do not wish to resign." We are not being asked to consider this motion so as to avoid an election, as the Prime Minister says; we are doing this because the Prime Minister does not want to resign.

Many members have already demonstrated their concern about having an election. Having considered the grave step and heavy responsibility of fighting an election and having been told that the alternative to supporting the government is an election, some of them feel that they must go along with the government. But the alternative is simpler than that. The Prime Minister has already announced his retirement and his party is arranging for a leadership contest. It is not a case, therefore, of whether the Prime Minister remains in office with his administration but simply whether he goes a little earlier than he had originally anticipated. Looked at in that way the question becomes different.

The hon. member for York East says that he sees some ray of hope in the government's legislative program of the last three or four months and because he sees that ray of hope he thinks we ought not to fight an election. If the hon. member and some of his colleagues fear an election, as I suspect, they ought to remember that other alternatives remain open. The Prime Minister could resign a little earlier and one of his colleagues could take over and form a new administration. He could even start a new session almost at once, introduce his own taxation bill or a similar one and then prorogue. That solution is within the government's reach and it gives us an alternative to an election.

The Prime Minister argues that a vote of confidence is only a vote of confidence when the government says it is. He made the blanket assertion that the government decides when there is to be a vote of confidence. Actually he is saying that the government chooses what issues it deems to be issues of confidence. By asserting that an important money matter is not a matter of confidence he is saying in so many words that questions of confidence shall be chosen at the whim of the government, the consideration being whether the government can win the vote. That is what it amounts to and that is what he reduces it to.

By refusing to acknowledge its defeat on an important money bill the government makes it appear as if confidence has nothing to do with the importance of the matter being voted on. It asserts that a vote of confidence shall be taken only when the government considers it can win that vote. Also, the government can decide after the vote has been taken whether it was a vote of confidence.

• (5:40 p.m.)

This is the ridiculous extent to which the Prime Minister is asking parliament to go. This is what the Prime Minister is asking his supporters to do to parliament in order to keep him at the reins for just a little longer. The question now is not simply whether we intend to vote confidence in the government or face an election. The present course, if followed, will make a mockery of parliament and responsible government. In effect we shall be saying to the government: You can do what you like when you like and the only test of confidence will be whenever you say that a matter is to be a test of confidence.

If hon. members suggest I am going too far, let them read the Prime Minister's words as they are reported on page 6922 of *Hansard* in the second paragraph of the right hand column:

> We do agree, however, that the defeat on third reading of the income tax bill, while not involving automatic and obligatory resignation or dissolution, does put the issue of confidence into question and that this should be cleared up.

What he is saying is that it is not the nature of the bill which puts the issue of confidence into question. The Prime Minister tells us it is the defeat of the government which brings the matter of confidence into question. His suggestion that defeat on an important measures alone brings up the question of confidence is a simple answer to the question: What does the Prime Minister mean by a test which the government alone would apply? There is a method by which it should reach this decision. In the course of this debate a number of quotations have been put on record, some of them by the Prime Minister. I wish to illustrate the extent of the dishonesty, the deceit, which is being practised on this house by the Prime Minister in his desperate bid to hang on to office for another couple of weeks. As reported on page 6924 the Prime Minister quoted Dr. Eugene Forsey:

> There are certain habits of thought or feeling which we will have to change.

[Mr. Nugent.]

> The first is that any government defeat in the House of Commons necessarily means either the government's resignation or a fresh election. This is not so.

No one on this side has ever suggested it was so. Farther on the right hon. gentleman quoted the following:

> We shall certainly have to get rid of the notion that every defeat in the house means a fresh election.

At the risk of being repetitive but for the sake of emphasis I wish to sum up the situation in the house today as I see it. For years and years every important money measure has been understood to involve a question of confidence. One only had to look at the faces of the ministers opposite on Monday last to realize they knew the government had been defeated on a measure which brought the question of confidence into play. Other major measures are usually regarded as matters of confidence, though there are some which are not. This is the way in which parliament has worked, the way in which we have maintained responsible government.

These are not inconsequential matters. Not only parliament and our system of government depend on our maintaining this practice. The party system as we know it in this country has developed and is sustained because of this tradition. Every party, when campaigning, sets out the major planks in its platform. The ordinary voter has only these promises or intentions to consider when trying to distinguish between one party and another. When making up his mind whether a party should continue to be given a mandate or replaced, the question foremost in his mind is whether or not the objectives which were so stressed during the campaign have been carried out in legislation. I suggest it would be the ruin of the party system as we know it today if an issue upon which the confidence of the people had been won at the hustings were to be regarded later in parliament as one on which the question of confidence did not arise. How could such a system ever work? How could anyone think that the voters would ever tolerate it? Having made an issue the basis of their confidence, what would be their reaction to a government which said: We shall decide what is to be a matter of confidence; we shall sustain ourselves in office no matter what you may have thought when you voted us in and the test in parliament shall be on whatever basis we choose?

We are asked to put parliament in this ridiculous situation by a Prime Minister who is about to leave, whose time is limited, but who declines to do the honourable thing and depart a little earlier than he had intended. Apparently he has persuaded his followers to support him in this course of action. I hope that some of them will reconsider. The alternative is simple. The Prime Minister could appoint any one of a number of his cabinet members to be a caretaker prime minister.

I am enough of a politician to understand the reluctance to appoint a minister who is in the running for the party leadership. The Prime Minister might fear that with the reins of power once in that minister's hands he could not be dislodged, and perhaps it would not be the most advisable way for a new prime minister to start off with several cabinet ministers feeling they had been stabbed in the back. But there is nothing wrong with the Prime Minister asking the Governor General to appoint someone who has no ambitions to become prime minister but who would undertake the task in a neutral way for the time being. In fact, sir, the task would not have to be carried out very long. I submit that if the government would use some common sense, if the Prime Minister would be honest with his party and with the house and if the party would become responsible to parliament, with its members doing their duty as members of the house to maintain the house's traditions and the constitution, they would find this house very co-operative.

• (5:50 p.m.)

A caretaker prime minister would in effect create a new administration, and there is no doubt about a new administration having the right to bring its legislation before us. This ridiculous motion that the house is now considering should be put away, and the new prime minister could bring in such legislation as he wanted. He could prorogue or recess and would be in a wonderful position to ask for supply. I submit that if hon. members opposite, and the Prime Minister especially, are at all honest in their arguments that this is no time for an election, if they really feel that in this troubled financial period there should be a government at the helm able to get the co-operation of parliament, able to put through those measures necessary to bring about stability and confidence in our currency, then the solution is very simple.

I have heard it suggested by some that Dr. Forsey says that once defeated a prime minister does not have the right to go to the Governor General and recommend someone else. Of course that argument is based on the contention that once defeated on a motion of confidence a prime minister does not have that right. That is the argument that is put forward. I say that anyone who is going to use that argument against me is simply saying that this motion must be defeated. If the government is defeated on a motion of confidence the matter is finished and the government must resign if that argument holds true. Actually, however, I do not believe that Dr. Forsey goes that far, and I do not believe there is anything in our constitutional practice to support that argument.

It has always been understood that the one thing a prime minister must have to claim to be prime minister is the backing of the majority of the members of parliament. He is appointed on the basis that he claims to have that backing. He becomes the official adviser on proof that he has won a vote of confidence. From that time on he is the official and only adviser to the Governor General, and if in the case of defeat in the house he is able to advise the Governor General that someone else can form an administration and get the backing of the house, then the Governor General is bound to give that other person a try.

The Prime Minister has suggested that the only alternative to an election is to call upon the Leader of the Opposition. Of course this is something that could be done as well. But I submit that the Governor General would only call upon the Leader of the Opposition at the request or suggestion of the Prime Minister and then the Governor General would ask whether or not his new choice as prime minister thought he could control the majority of votes in the house. All such appointments really are temporary until such time as confidence is voted.

It is nearly six o'clock, Mr. Speaker, and I am going to repeat once more, and once more only, that the situation here is not as portrayed by the Prime Minister. It is not a case of resignation followed by an election, or appointment of the Leader of the Opposition. I say that the Prime Minister can resign and ask the Governor General to appoint someone else in his own party to form a government. If he did that then a caretaker government such as I am suggesting would hold office until the Liberal convention is over. Or the Prime Minister could prorogue the session. In

fact, he could do a combination of these two things. He could get a caretaker prime minister who could prorogue this session, start another one immediately or whenever he wished, and exactly the same tax bill could be reintroduced in the new session because that bill is only barred from consideration this session. The new administration would have a free hand and would have a much better chance of co-operation. I want to tell the house frankly there will be no co-operation with this government. If we reach a vote on this motion and the government wins, it will be the most hollow vote of confidence parliament has ever seen.

Some hon. Members: Hear, hear.

Mr. Nugent: There will be no co-operation because any prime minister who would demand such unswerving loyalty of his backbenchers that they would betray their duty to this house to uphold responsible government in favour of making such a mockery of it in order that the Prime Minister shall not be embarrassed by leaving a little earlier than he intended is going so far and is delivering such an insult to this house and to the nation that I do not think anyone in the house would consider his action favourably. Hon. members should consider the aftermath if this motion carries. May I call it six o'clock, Mr. Speaker?

Mr. Speaker: Order, please. It being six o'clock I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Nugent: Mr. Speaker, before supper I had outlined what I thought to be some of the considerations before us on the motion the government asks us to accept. Perhaps in the few minutes left at my disposal I should review those considerations, particularly those in respect of what we will be doing by accepting this motion.

It has been our custom in this house and in the British parliamentary system that all important money bills be considered as confidence motions. This has formed the real basis of control by parliament over the executive. This has been the custom, the usage and the practice of the parliamentary system, and it has never been questioned in this house during the time I have been here, or during the time some of my colleagues have been here, which is much longer.

In the past all major matters, including money matters, have been accepted as matters of confidence, whether so designated or not. Had they not been, under present circumstances our present political party system would be impossible. Parties take their stand on this basis, which makes it possible for voters to decide whether candidates of various parties have performed their campaign promises, and gives them an opportunity to do something about it in the future, if they have not.

On the basis of what the Prime Minister has said, that the defeat last Monday night on this money bill did not bring on a question of confidence, we dare not overlook the significance of his attitude toward what we should do in the future. He did not say the money bill was a matter of confidence—and this has always been recognized—but he did say that the defeat of that bill did not involve any question of confidence. He suggests that the only time there shall be a question of confidence on which the government's life is at stake is when the government says so.

Under these circumstances we would be faced with a situation wherein important matters such as money bills would not be recognized *ipso facto* as confidence matters. If the importance of a matter is not the criterion as to whether a question of confidence is involved, and if the decision as to whether the government survives or falls relates only to a declaration on the part of the government then according to the Prime Minister, the only way for a government to make sure it will survive a confidence motion is to declare the motion as a confidence motion after it has survived the vote. I suggest the Prime Minister's words, his actions in presenting this motion, and the entire course of the government's conduct up to this time have indicated exactly what I have suggested.

What is at stake here in this house is whether or not we shall have any realistic control over the executive. We do not need to think back far to remember the days of Hitler and the minor amendments he brought in to make sure the government had the power it needed, with the result that the Reichstag became powerless.

By accepting this motion we are setting a precedent. We are accepting the suggestion that the executive has complete control, that we shall not be able even to question that control unless the executive says so, and that the executive will say so only after it has survived a vote of confidence. I have a good many friends on the opposite side of the house who are honourable gentlemen. I hope they will point out the fallacy of my argument, if there is one. While I differ with many of those gentlemen opposite, I cannot believe that, understanding all the implications, they will support this position. The alternative is not an election now, but a decision as to whether the Prime Minister shall be asked to leave a little earlier than intended. I was asked by one of those hon. gentlemen whether we did not intend to allow the Prime Minister to leave with honour and dignity. In reply to the suggestion that by leaving a little sooner he must do so without honour and dignity, I can only ask how anyone, as the leader of a responsible government could leave with honour and dignity after having perpetrated this sort of thing on this house.

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I am glad to have the honour of saying a few words about the present situation and especially on the motion before the house.

All members have had the opportunity to express their views on this motion. During my few remarks on this subject, I should like to explain the reasons for political and parliamentary tumbles which point to an economic tumble. Our economy is completely unbalanced and operating to the advantage of powerful interests, because it seems to be under their control. I should like to emphasize the uneasiness within our economy and quote statistics to show where it is heading.

Our economy is heading somewhere. Powerful people control our economy for their own benefit. They make a system of it, a means which satisfies their ambition but at the expense of the great majority of the people. We have no objection to people manipulating the economy to their satisfaction or pleasure because we want them to have some revenue, but on the other hand we do want the people to have their small share of our economy. If there is no way of implementing other reforms than the ones we have now, I feel that it is the responsibility of the government to take the necessary steps to direct our economy towards the people so that they will have the right to live, to walk, and fulfill themselves. The economy does not exist only for some individuals, but it must be directed for the benefit of the nation as a whole, for the benefit of the 20,610,000 Canadian citizens.

Therefore, Mr. Speaker, with regard to the vote of confidence the government is asking for today, some newspapers said that I had decided to abstain from voting while keeping the right to change my mind according to circumstances which change from day to day. I find myself constrained to motivate to the house and for the guidance of my constituents, my abstention from voting. I feel I must adapt myself to the present situation. If the situation is sensible, I will change my mind for the good of the people and if we changed our minds, as we did in the Ralliement Créditiste, it is because the situation has changed, the situation appeared to us under a new aspect and has taken a new turn. In view of that situation, we adapted ourselves according to the facts, the possibilities, and we considered the practical aspect, the logical aspect. We work not only according to the party line but for the people as a whole, for the good of each individual and each Canadian.

It is for those reasons that we changed our position toward that motion.

First of all, I am opposed to any increase in taxes or personal income tax, and that prevented me from voting for the government on the bill asking for a surcharge of 5 per cent on the personal income tax.

Secondly, I am also against a general election being held at this time of year, because of the present situation of our national administration, which absolutely needs to be straightened out before an election is called.

For those two reasons, I shall abstain from voting, unless I am shown by new arguments that it would be in the interest of the people that I act otherwise on this question of confidence in the present government.

If I am against our tax system and any increase in personal income tax, it does not follow that I am against the Liberals in this respect, for I am against the Conservatives for the same reasons, our two old parties having the same positions and the one being as responsible as the other for our forms of taxation, which are truly detrimental to the national economic balance, truly detrimental

to the protection of the citizens of this nation of Canada.

That is what I must explain and demonstrate as clearly as possible, not so much in order to blame anybody, but so as to enlighten the hon. members with regard to an economic situation throughout the country which we cannot tolerate any longer and which we must change before it leads us to final disaster.

This situation, therefore, is due to both the Liberals and the Conservatives who have taken turns managing the country for the last hundred years, ever since confederation. A change from one to the other of the two old parties in power does not in itself imply a change in the taxation system. That is why, in the present circumstances, I prefer to see the Liberals continue to administer the country and seek to convince them that they should bring about the necessary changes not in the men in power, but in their attitude towards power. The men should not be changed, but they should be led to recognize their true responsibilities as representatives of the people.

• (8:10 p.m.)

What is a member of parliament? Why are we here?

For our 20,610,000 citizens, or for the big banks and companies in Canada with their chairmen and directors who are millionaires or multimillionaires? Are we the representatives of the people or the representatives of companies?

Why then so many banks and companies of all kinds make so much profits on an annual production of $62 billion in 1967, while so many persons and families are short of the necessities?

Why does Canada always show deficits each year, even in 1967, when eight banks increased their total assets over $3,200 million? When the companies, in addition to their profits of $5½ billion of profits as filed and taxed, are still making more than $15 billion of profits concealed, disguised, accounted for, untaxed and recapitalized in the national economy, while more than 60 per cent of the people are living from day to day, without any comfort or a decent competency and are unable to enjoy the general prosperity of Canada? Why does this go on under our legislative and administrative authority? Can the hon. Minister of Finance (Mr. Sharp) answer my question? Can the right hon. Prime Minister and the hon. Minister of Justice (Mr. Trudeau) tell me why?

On the other hand when it is considered necessary to increase the guaranteed annual income of our old people, $280 million are taken out of the already far too limited purchasing power of the other taxpayers. Why not take them from the $15 billion in recapitalized profits of the large companies? Why drain by 1 per cent, by 5 per cent, through personal income tax increases, the consumption of living and suffering individuals, when anonymous and irresponsible companies can, under our authority and with our authorization, make recapitalized profits of over $15 billion in 1967, even after having paid taxes on declared profits of $5½ billion?

I put the following question to the honourable representatives of the whole population of Canada: whose ministers and whose members are we here in this the highest parliamentary institution of Canada?

Do you believe I am talking through my hat, that I am inventing estimated figures, that I dreamed this last night? Look for the information. Here is a list of figures that any member can have from the Dominion Bureau of Statistics, figures you all know or, at least, should know, as representatives of all Canadian citizens.

To show you that I am not concerned with the Liberals more than the Conservatives, I shall give you statistics for the last five years of the Conservative administration, and the last five years of the Liberal administration. For ten years our government has accumulated deficits when 60 per cent of our people lack the necessities of life. On the other hand, let us consider how companies have administered their businesses, that is our business and that of their shareholders, chairmen and directors, always with our permission, our co-operation, our more or less conscious or knowledgeable complicity.

Mr. Speaker, I now quote the following statistics:

In 1957, companies declared $3,056 million of taxable income as compared to $7,335 million untaxed. In 1958, under the Conservative administration—declared and taxed profits reached $3,075 million while untaxed profits amounted to $6,975 million. In 1959, taxed profits reach the sum of $3,504 million, and untaxed profits were $6,894 million. Still under the Conservative administration, in 1960, declared and taxed profits amounted to $3,338 million and untaxed profits to $6,692

million. Under the Conservative administration, in 1961, there were $3,427 million of declared profits as compared to $6,635 million of undeclared profits. In 1962, there were $3,819 million of declared profits and $6,960 million of undeclared profits. Under the Liberal administration in 1963, declared and taxed profits reached $4,188 million, and undeclared and untaxed capitalization profits reached $7,591 million. In 1964, declared and taxed profits amounted to $4,819 million and undeclared and untaxed profits reached $9,103 million. In 1965, there were $5,199 million of declared and taxed profits as compared to $10,651 million of undeclared and untaxed profits. In 1966, declared and taxed profits reached the sum of $5,187 million and undeclared and untaxed profits $12,214 million. In 1967, declared and taxed profits were about $5,500, million as compared to $15 billion of undeclared and untaxed capitalization.

If we add up the whole thing we arrive at a total, for the past ten years, of $45,112 million of declared and taxed profits and $96,050 million of undeclared and untaxed capitalized profits.

This is, Mr. Speaker, the point I want to make. There have always been twice as many hidden as declared profits, always twice as many untaxed as taxed profits, twice as many capitalized profits as taxed profits, twice as many centralized profits as distributed profits. Since 1957, companies have accumulated $96 billion of untaxed profits capitalized on the production realized by all the people, which represents nearly $5,000 per citizen and $25,000 per family of five, which is considered as the average family in Canada.

Because our governments did not tax proportionally the large incomes, they had to borrow from them and tax those with small incomes to pay interests to those who have large incomes. Those are the results of an unfair tax exemption.

That is what we must see, knew, consider and correct within the shortest possible time, even within the framework of the present constitution. That is the first administrative and legislative priority which we must tackle immediately if we really believe that we are the worthy representatives of the Canadian people who gave us their confidence and who elected us so that we may render them justice in the Canadian parliament.

In 1934, Mr. Speaker, Canada was going through a period of economic crisis which was felt all over the world, following the crash of the stock exchange and the stocks of the companies in New York and in the whole world.

Having made a thorough study of our Canadian economic system, with the help of Canadian, American and European economic experts, our government at the time founded the Bank of Canada. Ten years later, in 1944, the Canadian government, on the basis of experience acquired through the first ten years of existence of the Bank of Canada, revised the act governing the Bank of Canada in its relations with the chartered banks of the country. In 1954, the government made another revision. It made a few administrative reforms and let the system go along as best it could for another decade. In 1964, a royal commission on banking and finance presented the voluminous Porter report after a long and thorough study conducted with the help of renowned Canadian and foreign economic and financial advisers. It was only in 1967, three years later, that our government at long last introduced a new act on the Bank of Canada and our eight chartered banks with some 6,000 branch offices across Canada and in foreign countries.

• (8:20 p.m.)

In addition, in 1967, our government received from the Carter commission another notorious report on our entire taxation system. This was a very thorough study of about 2,600 pages, which cost the taxpayers approximately $3,600,000.

During 1963-64, in order to stress the importance of good management and good advisers at the top level of our economy, the government decided to set up the Economic Council of Canada which is constantly ready to help the Canadian government either by making suggestions, undertaking research on specified aspects of our economic picture, releasing technical information which can be useful to the management of large Canadian financial, industrial and commercial institutions or directing the Canadian economy to meet the needs of the Canadian consumers.

In spite of all that, of all those precautions, of numerous royal, decennial or annual, daily or permanent inquiries, in spite of those numerous and very well paid advisers, ably assisted by an army of researchers, technicians, technocrats, and secretaries, our Minister of Finance (Mr. Sharp) keeps telling us that Canada is experiencing an incredible financial crisis, that our national economic equilibrium is very poor that we are faced with inflation and that the people must by all

means tighten their belts and stop living beyond their means and even stop working, because our earning power is superior to our production capacity, which causes inflation.

In order to force the people to spend less, they must be taxed more and especially at the source, before they even receive the salary they have earned legitimately by their regular work, in the regular production of material, intellectual or spiritual goods and services produced by all the economic activities of the whole population, for the whole population, that is, for our 20,610,000 Canadian citizens.

These facts, Mr. Speaker, have been checked and can be checked by each one of us, for ourselves first of all, for our own families and also for each one of our voters: employers, employees and dependents.

Although you may find this picture black and discouraging, you will undoubtedly recognize that it depicts the present sad reality.

Mr. Speaker, this is certainly not the time nor the place to elaborate a whole course in political economy, but these few remarks show that our Canadian banks and large companies are very prosperous, while more than 60 per cent of our people cannot enjoy our production, and lack the necessary purchasing power to enjoy the decent living Canadian citizens should afford.

Now, let us see the forecasts for 1968. This is what the president of the Montreal stock exchange tells us: "The national production will reach $68 billion, consumption $40 billion and capitalization $28 billion in 1968". This statement was made by Mr. Neapole, president of the stock exchange and former director of the Royal Bank of Canada. Forty per cent for capital, on 100 per cent production.

If the hon. Minister of Finance has yet to learn where to go for taxes, under his present taxation system, we tell him once and for all that we shall continue to use all available means to prevent him from taxing the gaining power or the purchasing power of workers, farmers, wage earners and other individual in Canada.

The Bank of Canada, the eight chartered banks, the 800 most important companies listed on the stock market, these are important institutions in our Canadian economy; but what is still more important in Canada, is the people, and those organizations are there only to give administrative services.

[Mr. Latulippe.]

They are only instruments, means of production and administration. We must not therefore sacrifice to them the best of our production.

So, Mr. Speaker, if one should wonder where I got this information, let him consult the brochure entitled *Monthly Review*, in which Mr. Neapole quoted the facts I have just mentioned. Capital, like work, is only a means of production, and production itself must be regulated by consumption. Why sacrifice so large a part of production to capital, even before having met the basic needs of consumption?

Capital should be taxed at least on the same basis as work is taxed. Corporations should be taxed on the same basis as individuals. That is the general conclusion of the report of the Carter royal commission on taxation. Why not take it into consideration from here on? Why postpone to a later date the fundamental conclusions of those experts on our modes of taxation?

We empower banks to create $3,200 million in money required for production; we empower companies to set up a capitalization of $15 billion required for production, but for goodness sake, let us not go so far as exempting them from taxes, as allowing them to recapitalize $28 million out of a yearly output of $68 billion, that is, more than 40 per cent, when in 1944, only 10 per cent was set aside for capitalization, or $1,200 million out of a $12 billion production.

In 1968, we shall earmark 40 per cent for capitalization and only 60 per cent for consumption.

Therefore, a statement on our national economy brings out its most obvious deficiencies. Since the end of the last war mostly, the amount of capital sought from banks and companies has increased to such an extent that it was necessary to sacrifice the happiness and welfare of the Canadian people who contribute to the prosperity of our banks and companies, under the direction of our governments elected by the people.

Mr. Speaker, the banks create money, the companies create capital and the governments tax the individuals to allow for even more profits and prosperity for those banks and companies which have no life, which do not exist in reality, which are only tools of production and administration of material, intellectual and spiritual goods and services for the benefit of the 20,610,000 citizens who make up our nation in 1968.

In 1967, that is during the year just ended, the total assets of banks increased by $3,200 million, the capital of companies after taxes increased by over $15 billion and the governments keep on taxing the personal income as well as already insufficient purchasing power.

• (8:30 p.m.)

Banks, companies, governments themselves, in short all institutions or corporations are merely instruments of production or administration at the service of the people. Now, the people are sacrificed to the benefit of banks, companies, governments and big corporations. Is that clear enough?

I will even go further, Mr. Speaker. Those are the facts, the situation. That is the position of our government—the first institution of Canada—the one responsible for our monetary, economic and political system.

A government, with 265 members, elected by the people, by the 20 million Canadian citizens who all have the right to live according to our productivity. So we, in this parliament, are responsible for the adjustment which has to be brought about in our economy.

To state the facts does not mean to accuse, to blame or even to judge the government. But facts are self-explanatory and help us to understand the causes of a parliamentary crisis which still seems to be quite superficial and incidental, but which is an indication of the virulent basic weakness at the core of our administration, our government legislation here in Canadian parliament.

Results for 1967: before the people short of the necessities of life or normal comfort, our banks are increasing their assets by $3,200 million, our companies are collecting capital of over $15 billion and the government wants to reduce the purchasing power of the individuals to increase still more the profits and capital of banks and big business.

With the co-operation, the protection and the more or less conscious connivance of the ministers and members elected by the people, for the people, our banks and companies are prospering, they increase their capital, they get richer by the billions yearly, while governments incur deficits, get into debt, compromise, tax the little man in order to pay a higher and higher interest on borrowed capital, on big capital formed, to start with, through unjust tax exemptions.

Things being as clear to me as they are, it is not a question of finding out where the disease is, it is a matter of curing it at its roots. First, we must increase the purchasing power of the people where it is lacking. There is an abundant production, but it is not being distributed according to the needs of the people, precisely because the people lack purchasing power.

Mr. Speaker: Order. I interrupt the hon. member at this stage to ask him if he is convinced that what he says is related to the motion under study.

Mr. Latulippe: Thank you, Mr. Speaker. I think I am doing my best to demonstrate the bad effects of the present system and where it is leading us. That is what has brought about the present economic crisis and the government defeat. The present system is the cause of this crisis, and I was trying to describe the situation and the prevailing uneasiness. Before I resume my seat, I have an amendment to move to the government motion.

It is obvious that we are not merely stating the facts, pointing out the trouble and blaming the government, but that we suggest the remedy, in other words an immediate, efficient, practical and logical solution. Purchasing power must exist in different well known sectors, but it must be provided by taking the money from those who have it and not from those who have not. We must take some purchasing power away from those who have too much and give it to those who do not have enough. It is that simple. That is the solution.

The purchasing power of consumers is even more important than the capital necessary for production. What is the use of production capital if there are no consumers? The whole production would remain on the shelf; there would be no way to pay interest on capital nor to reimburse that capital, and the whole people would have worked without being able to enjoy the goods they need.

Therefore if here, in the Canadian parliament, we want to see our economy run smoothly and profitably once more, all we need to do is to promote a greater purchasing power where it is needed by taking money where there is too much. That is the only way in which we will correct the unemployment situation, eliminate inflation, and reestablish a balance in the economy between production, consumption and capitalization, between individuals, families and companies,

between employers, employees and dependents, between capital, work and the vital rights of those without work or capital.

All that can be done here, by ourselves, within the present constitution, by the present ministers and members of parliament, without an election, without new departments, without new institutions.

Mr. Speaker, I heard Conservative members raise questions and protests of all kinds, but they did not bring any solution. That is why we shall not vote for this motion since we do not agree with the Conservative reasoning in this matter. Should the Conservatives assume again the reins of government, they would come back with the same tools, the same arguments, the same means, and that would lead to the same results: failure, the present national lack of balance and the tumbles we saw recently.

Before concluding I move, seconded by the hon. member for Chapleau (Mr. Laprise):

That the motion be amended by adding immediately after the word "carried", the words "on division" between commas.

• (8:40 p.m.)

[*English*]

Mr. Speaker: I will read the amendment proposed by the hon. member for Compton-Frontenac. Perhaps hon. members might like to argue the procedural aspects of the proposal. The amendment is as follows:

[*Translation*]

That the motion be amended by adding immediately after the word "carried", the words "on division" between commas.

[*English*]

Mr. Starr: Mr. Speaker, could I ask the hon. member who proposed the amendment whether he has copies in English?

[*Translation*]

Mr. Latulippe: Mr. Speaker, I have none in English; some would have to be printed.

[*English*]

Mr. Speaker: Order. Perhaps I could read the amendment in French again. If hon. members listen to the interpretation in English this might facilitate their forming an opinion on it.

[*Translation*]

That the motion be amended by adding immediately after the word "carried", the words "on division" between commas.

[Mr. Latulippe.]

[*English*]

Mr. Nielsen: Mr. Speaker, on a point of order, with respect to the legitimacy of the motion, what the amendment is suggesting is that the right of the house to be polled be done away with. We have had sufficient attempts in the last week to do away with the rights of the House of Commons. This amendment, couched as it is, would deprive the members of this house of the right to be polled and in my submissions is completely out of order.

Mr. Starr: If I heard the amendment correctly, Mr. Speaker, the word "approved" was in the motion. However, when I look at the motion itself the word "approved" does not appear at all.

[*Translation*]

Mr. Langlois (Mégantic): Mr. Speaker, if the whole motion were read, it might clear up the situation. In the French motion, we have the word "approuvé", and our amendment derives from the French copy.

Once amended, the motion would read as follows:

That this house does not regard its vote on February 19 in connection with third reading of Bill C-193, which had been carried, on division, in all previous stages, as a vote of non-confidence in the government.

That might clear up the matter for the hon. member for Ontario (Mr. Starr) and other hon. members because in the French version, we have the word "approuvé".

Mr. Grafftey: It means that you are embarrassed.

[*English*]

Mr. Starr: In view of the confusion about this amendment, Mr. Speaker, I think in order to judge the amendment properly we should have copies in English.

Mr. Knowles: Mr. Speaker, whether or not we get copies in English, I wonder whether Your Honour would take a look at the amendment as it is before you, in French. As I understand it the purpose of the amendment is to write the words "on division" into that part of the motion that refers to Bill No. C-193 having been carried at all previous stages.

Mr. Langlois (Mégantic): On division.

Mr. Knowles: It is precisely because the words "on division" have different meanings

that it seems to me the amendment introduces confusion, and consequently lack of sense. Therefore it is hardly appropriate—

Mr. Starr: Don't say that about them; they are bedfellows with the Liberals.

Mr. Knowles: —in the motion.

• (8:50 p.m.)

A reference is made to "all previous stages". On second reading the bill carried with a recorded vote. When we use the phrase "on division" we mean, usually, that the vote is not to be recorded. Some clauses in committee were carried with a standing vote; some were carried on division. I think one can challenge the correctness of the words, and since including them would make nonsense of the motion, they should not be accepted.

Mr. Nasserden: On a point of order, Mr. Speaker. The translation of the French version that we have makes reference to the word "approved" instead of to a phrase such as "carried in all previous stages". There is a difference. Either the French or the English version is wrong. In any event the motion seems to differ as between one language and the other.

Mr. Pugh: Mr. Speaker, I do not think the house can cast reflection on any vote that has previously been taken.

Mr. Speaker: Order, please. I do not think the hon. member for Compton-Frontenac intended to cast a reflection on the previous vote. His purpose is quite clear to me. He wanted the motion to read: "in all of its stages on division".

The point made by the hon. member for Winnipeg North Centre is also clear to me, that the amendment, if carried, would make the motion difficult to understand. I might point out that it would also be contrary to the facts, since the bill was carried on first reading by unanimous agreement of the house, or without division.

In view of this, and since there is not sufficient clarity in the words of the motion proposed by the hon. member, I regret that I cannot accept the amendment.

[*Translation*]

Mr. Latulippe: May I give a few explanations?

Mr. Grafftey: It was not really serious.

Mr. Latulippe: Mr. Speaker, I do not know whether you have completely rejected the amendment—

Mr. Speaker: I remind the hon. member that I asked hon. members to give their opinion as to whether the amendment was in order or not. I ruled that it was not in order and I do not believe it is possible to proceed with the discussion.

[*English*]

Mr. J. H. Horner (Acadia): Mr. Speaker, I was interested in your ruling on the amendment and I was interested in the speech which was given to the house. If the hon. member for Compton-Frontenac (Mr. Latulippe) thinks the country is in such bad shape, why will he vote confidence in this government?

No doubt Canada today is passing through a severe financial crisis, which has been brought on by this government. What happened last Monday? Perhaps already that is dim in the minds of some. I was not here, being one of the 24 members of the transport committee that was in the maritimes. Some members were in the maritimes to help their constituents present briefs to the committee. All the same, the Prime Minister (Mr. Pearson) complains that not enough members were in the house; that is why he feels that the vote on Monday night was not a vote of confidence.

By reading *Hansard*, anyone can ascertain what happened. The Minister of Finance (Mr. Sharp) called for the vote. The Minister of Trade and Commerce (Mr. Winters) was Acting Prime Minister. He was in the house, directing the affairs of the country to the best of his ability. One can see the Minister of Transport (Mr. Hellyer) rising to his feet to urge all members to vote. That was the type of leadership we had on what will commonly be called blue Monday—blue Monday for the people of Canada, for democracy, and for the Liberal party. It is strange that a party which has adopted red as its colour should succumb on a blue Monday.

On a second reading the government won with a slim majority of nine votes. On Monday afternoon one clause of the bill carried with the slim majority of three votes. Surely the government had ample notice of opposition. Surely enough votes were taken to warn the government. It cannot now say that Monday night's vote is not to count as a vote of confidence.

Motion Respecting House Vote

After the crucial vote on Monday night the government was asked to resign, but they said they wanted to continue on and do business. A motion to adjourn moved by the hon. member for Kamloops carried, 79 to 78. Again the government was defeated. The house had agreed on that Monday night that the government should resign. Yet on Tuesday the Prime Minister came back from a Jamaican trip, no doubt with some choice words to say to his cabinet colleagues, and he was willing to carry on. What he said to his cabinet does not matter; the point is this: Can the government carry on illegally? Has not the Prime Minister a moral obligation to govern this country according to the wishes of its elected representatives? The elected representatives said that the government ought to resign.

You cannot have a replay in important votes. Politics is not hockey. If the recent hockey match between Finland and Canada were replayed I expect that Canada would collect the silver medal, instead of the bronze medal that it did collect. The Prime Minister will come out of this series, and retire from public life with a tarnished brass medal. He has shown poor sportsmanship and he has not accepted his moral obligation of governing properly, the moral obligation he assumed when he donned the mantle of Prime Minister of this country.

The Minister of Trade and Commerce went around western Canada saying that the cabinet is divided and the country is split. He added that we are in a financial crisis, and is reported to have said "I am not going to enter this leadership race." He said he was getting out of it. But he was the Acting Prime Minister on Monday and he allowed his colleagues to go down to defeat deliberately, because he had no confidence in them himself.

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): I have expressed myself on that matter a number of times and on another occasion I shall cite more fully exactly what he is reported to have said. His remarks are tantamount to saying that he had no confidence in his fellow cabinet ministers, and had no intention to run for leader.

The very essence of democracy is that there shall be no taxation without representation. Yet what does this government do? It does the opposite. Though defeated, it says to all of us that we shall pay illegal taxes. Though the 5 per cent surtax is illegal, we are to continue paying it, and the Minister of Finance has absolutely no conscience about the matter. He says that the tax is not to be returned to the people. The other day I listened to him making an incredibly poor defence of his position. What did he say? He whined. He took issue with the hon. member for Burnaby-Coquitlam (Mr. Douglas) for making a political speech. What a terrible thing that was to do at a time of crisis.

• (9:00 p.m.)

He wanted to take credit for all the good things in Canada but argued that we should not blame the Liberal government for any of the bad things, because the whole world was in bad shape. He told us that Canada today was experiencing a boom. What kind of boom are we in? We find producers getting less for what they grow while prices to the consumer are rising by leaps and bounds. Interest rates are going up. Unemployment is going up. Taxes are going up. Yes, everything is booming now. But the Minister of Finance, in a weak effort to defend the government's position, tells us that it is not his fault; that the whole world is in a bad situation. Mr. Speaker, the economic council pointed out clearly some time ago that even though it was not burdened with the Viet Nam war Canada was in a far worse position financially than the United States. During the last few months we have witnessed a serious run on the dollar, together with soaring interest rates, while on the other hand we have been witnessing tight money and unemployment. It is certainly remarkable to find all these things happening at the same time, and one wonders why.

It is not surprising that the Minister of Trade and Commerce did not stand up that night to defend his colleagues, since he has so little confidence in them. How could he defend them? The hon. gentleman laughed at the extract from the Canada Year Book and the comments made in it. The passage referred to in that year book has appeared in the same way for the last 20 years. But there will be a change, now. That part will be changed, and the Minister of Trade and Commerce cannot deny it; he knows this is the first thing he will have to do before the next Canada Year Book is printed.

What did he say about his colleagues? He said the government was split between men of conscience and those who wished to cling to office at all costs. The minister deplored the absence of a balanced budget. Referring to the prime ministership he said he could not

imagine anyone wanting to accept the chairmanship of a board which was so divided. So why blame the opposition for defeating the government? The Acting Prime Minister was the responsible minister in the House of Commons that Monday night. This is his opinion, according to Mr. Charles Lynch on January 13:

> Regarding the prime ministership, he cannot imagine anyone "accepting the chairmanship of a board that was so divided."

Whose fault is it that the government was defeated on blue Monday? It was the fault of no one. But the man in charge must shoulder the responsibility. According to the Windsor *Star* of January 13, Mr. Winters said he hoped the next Liberal leader will adopt a sound policy of fiscal integrity. What about the present Liberal leader? Can any member of the House of Commons wonder why we fought to defeat this government? We, too, share the feeling that the present government is not following a sound policy of fiscal integrity. We agree with the Acting Prime Minister.

The hon. gentleman went on to say, according to the same article:

> I regret we have never been able to balance the budget. We must get back to the principle of fiscal integrity.

We have not been there for a while, he suggests, but we must get back to it. Can anyone blame the opposition for attempting to defeat the government, when the man in charge aided and abetted hon. members on this side of the house to vote against it on blue Monday? Of course, the hon. gentleman does not speak very highly of the Minister of Finance—and we cannot blame him for that, either. This article goes on:

> Mr. Winters said he is confident the federal budget could have been balanced and had he been minister of finance, that would have been his primary goal.

There can be no doubt about it; the hon. gentleman did not have confidence in the Minister of Finance. He found the cabinet divided and he did not want to be chairman of that board. There was only one way out. He sought to save the nation by putting the government out, too; and one cannot hold that against him.

Some hon. Members: Oh, oh.

Mr. Horner (Acadia): What position have we reached, now? I have a clipping here from the Toronto *Telegram* of February 21, which says, among other things:

> The government is now badly split between men of conscience and those who would cling to office by any possible means or device.

We know that the man in charge on Monday, the Acting Prime Minister on that day, is a man of conscience. He does not intend to cling to office. He tells us he intends to resign at the end of March. He may even do so before then.

An hon. Member: How is he going to vote?

Mr. Horner (Acadia): We shall have to wait and see whether the day ever comes when he is given an opportunity to vote. We go on to wonder why he and the opposition got together on that blue Monday. This is how the Edmonton *Journal* summed up the situation on February 20:

> The Liberals have been defeated in the Commons in a vote that must, by any uncontrived definition, constitute a vote of confidence: they must, if conscience and precedent are to guide, resign as the government. This being done there is little doubt that, after politics runs its course and the constitution put to yet another test, the issue will be placed before the people to decide.

This of course is exactly what we want. There is no better guide to democracy than the people themselves. That is the whole essence of the principle for which men have fought and died. It is the whole essence of the nature of democracy as distinct from communism; it is what they are fighting for in Viet Nam. We in Canada should certainly not be ashamed to exercise democracy to the fullest extent.

I call attention to what the Auditor General had to say in his report, not too long ago. Here is a clipping from the Calgary *Herald* of February 20, an article written by Bruce Phillips, which reads in part:

> An unnamed auto firm, says Henderson in his annual report to Parliament, may owe the government as much as $30,000,000 in back customs and taxes.

They let the auto manufacturers off with $30 million, but they have already collected $13 million of illegal taxes from the Canadian people. Are we supposed to vote confidence in a government which allows this to happen when according to the Auditor General, the auditor of the board of directors which the Acting Prime Minister would not wish to join, an unnamed auto firm has been permitted to owe the government as much as $30 million in customs and taxes.

Motion Respecting House Vote

• (9:10 p.m.)

How can we conscientiously do our duty here in this house by allowing them to get away with that, by allowing them to collect $13 million in taxation from the little man in the street before the house passed the tax bill? Now they say they are going to continue to collect the surtax. They say, "We are not going to give it back to you people out in the street. You cannot sue us all at once. We defy the citizens of Canada to sue us all at once. We think we can pressure the opposition to allow us to get the same tax measure through. We let the auto manufacturers get away with $30 million, but we can take $13 million from you because we have the right to take it from you."

What kind of bureaucratic slaves are they making of the Canadian people? If one reads further in the report of the Auditor General he can grasp the full meaning of the kind of budgeting that has been going on. Yet we are supposed to vote confidence in the Minister of Finance. We have watched him bring down budget after budget, and he has been out of step a full six months. He has been most erratic in applying the brakes and feeding the gas in respect to the Canadian economy. The detail of his budgetary work has been tremendously careless.

This is what Mr. Lynch writes about the Auditor General's report in the Calgary *Herald* of January 20:

> It's hard for a public servant to raise a holler, but you can almost hear Auditor General Max Henderson straining his lungs and screaming in his latest report, tabled in the House of Commons Monday.
>
> He is shrieking at anybody who will listen—be it the government, the members of parliament, the taxpayers, the nation's youth, anybody.
>
> What he's saying is that there's a mess in the nation's biggest business, the federal government. And nobody's doing anything about it. He implies that if there were a similar mess in a private corporation, the stockholders would rise up in revolt against a sloppy management.

That is how Mr. Lynch paraphrases Mr. Henderson's report. He goes on to say that one of the biggest complaints is that the whole matter has not been referred to the public accounts committee, and points out that that committee has not met since last April.

Mr. Lewis: They would not call it.

Mr. Horner (Acadia): Someone says they won't call it. How can we conscientiously do our duty for the citizens of Canada when we see the mess that is pointed out by the Auditor General, who does the books for the board of directors over there? Are we to sit here and not vote against them, not do everything in our power to throw them out? Surely as conscientious legislators we must be prepared to throw them out at the very earliest opportunity.

In this democracy of ours are governments to be beyond defeat? Are votes to be taken as a way of keeping a roll call on members of parliament, and nothing else? That is what will happen if this motion is allowed to pass. Are we to have the spectacle of a government defeated in parliament on a major policy matter, its own budgetary resolution, being allowed to cling desperately to power? Surely the country will rise up and demand the resignation of members of the government? Surely if the Minister of Trade and Commerce was conscientious in the press conference when he stated those things about his colleagues, he too would rise up and vote against them at the earliest opportunity?

There is an interesting item in tonight's Ottawa *Citizen*, headed "$400 Million Loan Sought by Canada." It is a report emanating from Paris, saying that Canada has asked for a $400 million loan from the International Monetary Fund. It quotes the report from a Paris newspaper and adds:

> In Washington a spokesman for the fund declined comment on today's report.

Whether this be a loan that Canada is seeking, or a return of funds that it has placed at the disposal of the I.M.F. does not really matter. The fact is that this government has been refused money by the legislature. The representatives of the people have refused it money. Therefore it has no right to raise money in any other way until it goes to the Governor General, the Prime Minister resigns, and someone else is appointed. I would suggest that the conscientious minister over there, the Minister of Trade and Commerce, take charge until the Liberal leadership convention is held, because he is not a candidate for the leadership. He cannot get along with the brand of fiscal integrity that the Minister of Finance has been displaying, and I cannot blame him for that.

If this debate has done nothing else, it should at least have highlighted the frantic desire of the government to hold on to power. It should also have highlighted the terrible financial mess in which Canada finds itself today. As reported, the government today is seeking to borrow $400 million. Of course it

will try to place the blame for this on the fact that the government was defeated on its 5 per cent surtax proposal. But let members of the government blame whomever they like: They have spent the money foolishly. It is the duty of the legislators to tighten the purse strings.

It is interesting to note what a recent convert to the Liberal party had to say in this regard. In 1963 the hon. member for Medicine Hat (Mr. Olson) had very strong views on the right of parliament to control the purse strings. As recorded in *Hansard* of July 15, 1963, at page 2189, the hon. member, in those sanctimonious tones which he is quite capable of using, said:

> —in other words if the right to control the purse strings were taken away from members of this house, we would have reached a stage where a most important part of the rights of those elected to parliament would have been removed.

I wonder why he does not speak in this debate—because parliament has taken away the right of taxation from the government. Now the government says that the vote on Monday night last does not count. Members of the government say: We are going to erase that blue Monday, right off the calendar, and we are going to do it all over again. In other words the government has no respect for parliament. The board of directors has no respect for its shareholders. The executive has no respect for the people of Canada, when they speak as members of this house. Of course when speaking of the hon. member for Medicine Hat I must point out that at that time he was a Social Crediter. Since that time he thought he had better get on the bandwagon, and he jumped from the fat into the fire.

Speaking on the same subject, on July 23, 1963, as recorded at page 2538 of *Hansard* the hon. member for Medicine Hat said:

> —why in the name of common sense cannot the Minister of Finance and the federal treasury go directly to the Bank of Canada, which is a publicly owned institution, and get the money there in the first place?

Well, Mr. Speaker, that is about what they are doing today when they are asking for this $400 million loan from the I.M.F. Maybe the hon. member for Medicine Hat is happy on the one hand with that, while defying the principle and power of parliament on the other.

The Canadian people will now have to be taxed to pay off this loan from the I.M.F. raised by this government. What is the position of the Creditiste group, who have made a great deal with this spending government? They are going to have to approve of the taxation to pay the interest on this I.M.F. loan, because they are going to vote confidence in the government. The Creditistes will have to say to their people in Quebec: You have got to pay the taxes the government is asking; you are going to have to pay the interest on this loan from the I.M.F. Surely their constituents will not be particularly happy about that. If they are the same as my constituents, they cannot help but feel that they are already taxed enough, particularly with a government that has been spending so freely, that has an expenditure never before equalled in the history of Canada, that has been spending on goods and services that are not adding to the growth of the gross national product in any way, shape or form.

• (9:20 p.m.)

We refused to allow the 5 per cent surcharge tax increase in addition to the 10 per cent tax increase of a year ago. The Creditiste party think it should support this. That does not really matter because parliament has restricted the government from taxing the people further. It does not make any difference whether they borrow money from the International Monetary Fund, or from the Canadian people by floating a bond issue: The government has not got the right to spend any more money, because the Canadian people have said the government has gone too far. That is exactly what parliament did on Monday night.

We in the Conservative party have been criticized in the press for not wanting to defeat the government. It has been suggested that members of this party have not attended the house because we were afraid to defeat the government. Now that we have defeated the government let us hear the members of the press state quite frankly that we have done the right thing.

It is all well and good for the Minister of Finance to say that we should not have an election now, but he is saying this because he knows he has got Canada into the worst financial crisis it has ever known. We have on the one hand tight money and on the other hand the highest interest rates we have known. We have banks sending out notices to customers saying they now intend to charge 8 per cent interest. Just over a year ago this government took the ceiling off interest rates, which at that time stood at 6 per cent. The government did this, as it said, to allow more money into circulation to drive the interest rates down. Exactly the reverse has happened. I remember that some time ago a former minister of

finance, a former member for Eglinton, when bringing down a budget said that a little bit of inflation is like a drug and, once offered to the economy, the economy craves a great deal more. This government made a mistake about two years ago when it almost doubled the money supply. It injected a great deal of this drug, and since then the economy has craved a great deal more. As a result we have witnessed a galloping inflation.

The Minister of Finance tried to put the brakes on last June and again in November, but on both occasions he was six months late. He has failed miserably as Minister of Finance. The Minister of Trade and Commerce knows full well that if he had been minister of finance he might well have been more in tune with the economy. I am sure he would have been, because he has been with the economy and knows the ups and downs of business economics. Our Minister of Finance has led a sheltered life, most of it as a civil servant. There is a great difference. I believe the Minister of Trade and Commerce would have been in tune with the economic conditions of Canada to a far greater degree. Perhaps then, as has been suggested in a press interview, he could have brought in a balanced budget last year, avoiding the difficulty which has occured this year. Today we are witnessing a run on the dollar, and I suppose the $400 million loan is intended to stem the withdrawal of money from Canada by the United States parents of Canadian companies.

Now that the hon. member for Medicine Hat (Mr. Olson) has joined the government side of the house he has swallowed the philosophy of that party, but I note that he has not attempted to take part in this debate. Apparently he does not know whether the government should be responsible to the people and to parliament, or whether it should be all superior in the position of a dictatorship. He does not know whether he believes in those righteous principles he advocated when he sat to our far left, or whether he left those principles when he walked across the floor of the house. He must realize that the Liberal government has failed to control the purse strings. If anyone is in doubt about that, I suggest he read the economic council report and the Auditor General's report. If anyone is still in doubt, he should look at our balance of payments program and our agricultural prices, which are at the lowest point for the last ten years. For the first time in something like ten years Canadian wheat farmers are operating without an international wheat agreement. Surely someone failed in this regard, and I suggest that "someone" is the Minister of Trade and Commerce, because he alone was responsible to see that the agreement was signed so there would not be an interval during which we would be operating without such an agreement.

Today agricultural prices are down and inflation is increasing. Interest rates are increasing and money is becoming tighter. Why should we vote confidence in this government? One of the prominent businessmen of this country, who came back into politics, is aware at the present time of this government's mismanagement. I am sure that he is disgusted and wants to resign so that he may return to the business scene. I am sure he would not be unhappy about the defeat of this government.

With this very dismal picture of the Canadian economy today, I suggest the only solution is to allow the convention to select a new leader, and then call an election. In this way the people of this country can express their views about the financial mess in which the Canadian economy is now bogged down.

Last night on "W5" the Prime Minister said that he was angry with himself, with his party and with the opposition for manufacturing this crisis. The opposition did not manufacture the crisis. The colleagues of the Prime Minister, supported by the wisdom of the Minister of Trade and Commerce, manufactured the crisis. The Minister of Consumer and Corporate Affairs (Mr. Turner) has admitted this. When he heard about it in Toronto he said, "I am no longer running for leadership of the country, or the prime ministership of the country; I am running for leadership of the opposition." How true those words were. He realized that he would no longer have the opportunity of running for leadership and prime minister.

Mr. Turner: Mr. Speaker—

Mr. Deputy Speaker: Order, please.

Mr. Horner (Acadia): Is my time up?

Mr. Turner: I am rising on a question of privilege.

An hon. Member: You have not been recognized.

Mr. Turner: Mr. Speaker, I should like to continue with the quotation of the hon. member—

Mr. Horner (Acadia): On your own time.

Mr. Deputy Speaker: Order, please. If the minister wishes to correct a statement made by the hon. member for Acadia, I am sure he recognizes that would not constitute a question of privilege.

Mr. Turner: I am sure the hon. member would not want to give the house the wrong impression, because I said at that time that if I had the opportunity—

Some hon. Members: Order.

Mr. Deputy Speaker: Order, please.

An hon. Member: You just lost another 27½ votes.

Mr. Horner (Acadia): It is interesting to see how soft-skinned these ministers are. The slightest little prick of the pin will drive them from their seats. A former president of the United States, Mr. Truman, said, "If you can't stand the heat, get out of the kitchen." I would not advise the minister to get in the kitchen, if he cannot stand the soft touch of a pin, which drives him to his feet. I advise him not to get into the kitchen, because it will become awfully hot there at times. Believe me, it will become so hot that the present Minister of Finance will burn his fingers. Our only hope is that the whole country does not burn up at the same time.

• (9:30 p.m.)

We have seen this government defeated, yet clinging to power. We have seen this government with its purse strings cut, but going to the International Monetary Fund to borrow money. Yet we think, Mr. Speaker, that this is a nation where parliament is supreme. Parliament has taken away the right of this government to spend money, we have denied the government the right to tax the Canadian people any more; yet the government goes out and borrows more money.

We think we have democracy in this country. Many a brave Canadian has fought in two world wars for democracy. They told me when I went to school that this was what the first world war was fought over. I had an uncle who did not come back from that war. The present minister played football with him in Toronto. My uncle might better have served democracy had he stayed at home and taught his team mate the meaning of democracy. Men have fought for a wee bit of freedom and democracy, and yet we in this chamber see the government run slipshod over every rule and every parliamentary principle in the book.

We have cut the purse strings of the government and told them they should not spend money; yet we see in today's *Citizen* that the government is borrowing money and spending it, just the same. Then the government will come back to the Canadian taxpayers and tax them, because of its borrowings. If one did not have a religious faith he would believe there is no justice at all in Canada. But the day is coming when the people of this country will remember blue Monday, just as they remember black Friday.

[*Translation*]

Mr. Latulippe: Mr. Speaker, would the hon. member allow me a question?

[*English*]

Mr. Deputy Speaker: Order, please. I must advise the hon. member for Compton-Frontenac (Mr. Latulippe) that he has already spoken, and the hon. member for Acadia (Mr. Horner) has already used up the time allotted to him. The hon. member for Cape Breton South (Mr. MacInnis).

[*Translation*]

Mr. Latulippe: I would have liked to direct a question to the hon. member.

[*English*]

Mr. Mongrain: On a point of order—

Mr. Deputy Speaker: Order, please, the hon. member for Trois-Rivières on a point of order.

Mr. Mongrain: Mr. Speaker, on a point of order; the hon. member for Compton-Frontenac just wants to ask a question.

Mr. Deputy Speaker: I have already advised the hon. member for Compton-Frontenac that even though he may wish to ask a question of the hon. member for Acadia, that hon. member's time has expired. The hon. member for Cape Breton South.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I was under the impression that the hon. member for Compton-Frontenac was rising once again to put an amendment, and my interpretation, judging by the amendment the hon. member put before the house a short while ago, was that it involved collusion and was probably out of order.

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): I say this, Mr. Speaker, because collusion between the Liberal party and the Créditistes is the one shame that they will never, ever live down.

Some hon. Members: Hear, hear.

Mr. MacInnis (Cape Breton South): In my opinion this involves just the return of a favour, with this same Liberal gang which saw fit a few short years ago to support the Social Credit party in respect of free money. The developments that have taken place here are, as far as I am concerned, most welcome. The defeat of the government has been brought about, and in bringing about that defeat we have in this house accomplished something that many Canadian people have been looking forward to for the last three years.

Some hon. Members: Hear, hear.

Mr. MacInnis (Cape Breton South): In my opinion the defeat of the government, speaking from a local point of view, has made possible the situation whereby Nova Scotians and other Canadians living in Nova Scotia will get the justice they deserve, and which was denied them not too long ago in the house by this government.

Miss LaMarsh: Since the election of the present Leader of the Opposition (Mr. Stanfield).

Mr. MacInnis (Cape Breton South): I hear an interjection from the hon. member for Niagara Falls. I will get around to saying something else later, but I would call her attention now to the fact that I was informed outside the house that there is no longer a peach crop in the Niagara peninsula, and they have turned to sour grapes. I will have something further to say to the hon. lady later.

In addition to bringing about the defeat of this government which refuses not to recognize the problems faced in Nova Scotia, organized labour throughout this country has brought about the defeat of Bill C-186. Members of the New Democratic party and many Liberals who are opposed to Bill C-186 have now the opportunity of avoiding a vote on that bill by urging the Prime Minister (Mr. Pearson) to take an early retirement and let parliament get on with the business we are here to discuss.

Members on this side of the house have been criticized for not getting together, but when we did finally get together and vote this government out of office, what did we find? We have a Prime Minister who has been trying to operate from long distance. It is regrettable that he has been called back from the sunny south for the second time this year. The Prime Minister comes back from Jamaica, stands before the Canadian television audience and the House of Commons and speaks of those who bring about the downfall of his government.

• (9:40 p.m.)

The Prime Minister speaks of responsibility; he lectures the Canadian people and this parliament on responsibility. All I ask of him is that he face up to his responsibilities. The Prime Minister was given in 1965 a mandate by the Canadian people that would carry him into 1970. For the last two years he has been running away from that responsibility. He speaks of responsibility; he speaks of a united Liberal party; he speaks of what they would do in opposition even with a minority government.

The Minister of Finance stated in the house the other day that the Canadian dollar was on trial, that the government was on trial and that he as Minister of Finance was on trial. I agree completely with that. I call your attention, Mr. Speaker, to the fact that today we have ten ministers present out of 28. At times these people who are on trial this afternoon have found, as the hon. member for Acadia (Mr. Horner) said a few moments ago—and the Minister of National Health and Welfare (Mr. MacEachen) used this expression—too much heat in the kitchen, especially when the hon. member for Bow River (Mr. Woolliams) and the hon. member for Yukon (Mr. Nielsen) were speaking. We find only these few ministers present, out of a cabinet of 28, and their attendance in the house has reached as low as two.

I guess the Secretary of State for External Affairs (Mr. Martin) finds too much heat in the kitchen, too. I would like to draw his attention to some predictions he made in 1963. I am not criticizing all the members of this government. I have to give the Secretary of State for External Affairs a pat on the back. He has proved to be quite a prophet, and I commend this statement that he made in 1963: "If we elect a government that does not command a majority, we will spell the disaster of our government". One has to give him full marks for his predictions. He made this statement on March 6, 1963. He might have added "disaster for the Canadian nation". What surprises me is that the famous crystal

ball was passed on to him and not to the Prime Minister. There are many more interesting statements which were made by the Secretary of State for External Affairs (Mr. Martin), and if time permitted I would quote them. However, I should like to emphasize the fact that in bringing about the downfall of this government we have stopped the passage of innocuous legislation, such as Bill No. 186, which the labour people of this country have demanded should not be passed by this house.

Mr. Grégoire: No, that is wrong.

Mr. MacInnis (Cape Breton South): We are hearing now from a member who holds the balance of power, but let me say that of late he has been upstaged.

What has been happening here since Friday has been a battle to save Pearson's pride, and nothing else. The government is trying to hang on to the Prime Minister, who does not deserve it. He has not shown the responsibility to the Canadian nation he claimed he would discharge, and I say again he has run away continually from this responsibility. What is most important to the people of Canada? Is it parliament, the Liberal party, the Liberal convention, or the Prime Minister? I say to you, sir, that this parliament, as all parliaments in a democracy, should be supreme, and if it does not continue to be supreme it is because of the gang over there; and I use the word "gang" advisedly. I know that at one time this word used in the house in connection with a commission was ruled out of order, but if anyone wishes to challenge the word "gang" or the word "syndicate", let him get up and challenge it. I say that members on the government side are just what I say they are, a gang, or one might even call them "syndicate operators".

We have been asked to vote confidence in the government. I wonder if the Canadian people have really looked at this government and at the individuals who make it up. Not long ago, I asked a question in the house in connection with the local situation at Sydney. What happened then proves that there is absolutely no unity in the Liberal party. The Minister of Industry (Mr. Drury) answered me by saying the government would be foolish to make such plans, while at the same time his colleague, the Minister of Forestry and Rural Development (Mr. Sauvé) who was out in western Canada at the time spoke about government plans to phase out the Sydney steel operations. This was a direct contradiction of what the Minister of Industry said.

Then, moving a little further on, we used to see the Minister of Indian Affairs and Northern Development (Mr. Laing) sitting next to the Secretary of State (Miss LaMarsh). Something happened there because they are no longer seatmates.

Mr. Laing: Nothing happened to me.

Mr. MacInnis (Cape Breton South): I am not sure. I would not say that halitosis had anything to do with it. This government is beginning to realize that halitosis is better than no breath at all.

Then we move further on and come to the Minister of Finance (Mr. Sharp). What happened last Monday night was not of his doing. He was prodded into it by the Minister of Transport (Mr. Hellyer). I will get to the Minister of National Defence (Mr. Cadieux) in time. The Minister of Transport prodded the Minister of Finance into making the fatal mistake on Monday night. I understand it was the Minister of National Health and Welfare (Mr. MacEachen) who blamed the Minister of Transport for prodding the Minister of Finance; and the Minister of Finance of course blamed everyone else, although it was he who put himself into this vulnerable position. It is very interesting to review the statements made by the Minister of Finance and the press releases on them. When the minister was asked whether anyone was to blame for what happened and whether the Minister of Transport prodded him into it, he did not confirm this. However, the accusation was in the question which was put to the minister, even though he did not confirm that there was any truth in it. So we can accept that the Minister of Finance thinks the Minister of Transport actually prodded him into doing it. The Minister of National Health and Welfare was prodded into voting on the bill. After all, they are all candidates for the same job.

Mr. Nielsen: In the meantime there was the Trois-Rivières incident.

Mr. MacInnis (Cape Breton South): I do not know much about the plane trip back from Trois-Rivières, but we can recall the developments following the plane trip back from Halifax, when the Prime Minister conveniently did some forgetting, which at that time got him into hot water. There is not too much difference between the two incidents. On that occasion he came very close to getting it in the neck. He has got it in the neck now, and let him take the consequences of it.

Now we come to the Secretary of State for External Affairs. Let us consider some of the interesting observations he made while in Halifax. He said then that the time has come when we must have strong leadership. If there is unity in the Liberal party, why was he reflecting on the leadership of the present Prime Minister? Some of these points were already made by the hon. member for Acadia (Mr. Horner). I repeat again that on occasions when the government was on trial, its members were not here to defend themselves. They are not rising now to refute the charges that are made against them, and there is no doubt that when they speak of this unity, it is only lip service and malarky, which they are passing on to the Canadian people.

In saying that, I do not intend to forget the Minister of Trade and Commerce about whom I have a few interesting observations to make. All this nonsense which the Prime Minister spewed to the television audience over the week end, is nothing but a dishonest approach to the whole matter.

I know that the word "lie" is not permitted in the house and is considered unparliamentary. One is not supposed to say that a member is lying. I do not propose to do so now, but let me say that a precedent has been established when members on the government side have been charged in the house with lying and they did not have the gumption to rise and defend themselves. The Canadian people are faced today with one big lie.

As I was saying, I have some interesting observations to make about the Minister of Trade and Commerce, who I think by this time should consider it proper to rise in the house defend his position. Several quotations have been made from the Canada Year Book, one of which has been repeated several times in relation to the minister's statement concerning fiscal integrity. All I can say is that here again the government is selling something to the Canadian people for $5 a shot, and they cannot back up what they put in writing. Now the integrity of the Minister of Trade and Commerce has been called into question, as has the integrity of the Minister of Finance with regard to the Canadian economy. It is also interesting to note, Mr. Speaker, that this man who once stated outside the house that he closed more mines in Canada than any other man, also stated that Sydney was not an economic unit and therefore should not receive any assistance from this government. This is the man who went to India and lent the Indian government $20 million, but refused to lend half of that amount to the people of Nova Scotia to cope with a problem with which he is quite familiar.

• (9:50 p.m.)

It is also interesting to note, Mr. Speaker, that the Minister of National Health and Welfare (Mr. MacEachen) went before an audience of 20,000 people or more in Cape Breton this summer and said the government was searching desperately for a way to help. When the government of Nova Scotia pointed out the way to help, this government flatly refused to come through. The Minister of National Health and Welfare, although paying lip service to the people of Cape Breton, has not accepted his responsibilities any more than the Prime Minister has. I see the minister over there in his seat. I might say also that when the earlier vote was taken last week I drew to the Chairman's attention the fact that the Minister of National Health and Welfare had slipped in and voted illegally along with a few other Liberals. I would say therefore they stole one vote that day, and lost the other two.

It is regrettable that so many cabinet ministers are absent. I would have liked to give the Minister of Corporate and Consumer Affairs (Mr. Turner) a chance to rise again. However, it seems these ministers only get to their feet when they think they have a question of privilege. They do not have the intestinal fortitude to get up and defend their position. How many ministers or members on that side have defended the position of this government? As a matter of fact, it is rumoured the hon. member for Antigonish-Guysborough (Mr. Stewart) has stated outside the house that he agrees with the position taken by the opposition, and that the Prime Minister should have gone to the Governor General.

As I say, it is regrettable that so many of the ministers who should be defending this government are not present. The other evening when the leader of the New Democratic party was speaking he made some reference to the Minister of Finance. Then he spoke about another minister, and the moment he referred to the Minister of Justice (Mr. Trudeau) that minister jumped up and ran from the house. He could not stand the heat either. This is the man who is supposed to be operating on a much higher plane, as a constitutional expert. However we have not heard a word from him in this house, he has

been spending too much time before the cameras. A week ago every time we looked at television we saw the Minister of Justice rushing forward. However, in the last few days we have had another view of him, and he was running away from the cameras.

The Minister of Justice was running away because, as a constitutional expert, he knows very well that he cannot defend the position of this government. If time permitted, Mr. Speaker, I should have liked to quote some of the things this minister has had to say about his present leader. However, time does not permit. If the Minister of Corporate and Consumer Affairs feels he has a question of privilege because he was quoted in the house about his wish to run as opposition leader, then I may tell him this indicates how wrong cabinet ministers can be. They do not know when they have a question of privilege or when they do not. The fact remains that the minister has been quoted in the press to this effect, although he may have made the statement with tongue in cheek. The fact is that this idea has gone through his mind, and this is the destiny he sees for the leader of the Liberal party. It is a destiny which has been earned.

The lip, or the Minister of Agriculture (Mr. Greene), is not in his seat. He is usually interjecting.

An hon. Member: Joe, the lip.

Mr. MacInnis (Cape Breton South): He takes exception to any reference made to the fact he is campaigning around the country. This is the same minister who told a television audience in Halifax that at that particular time the most important thing facing the Canadian nation was unity. You can imagine the kind of leadership he will give the country.

Mr. Turner: You have two more minutes.

Mr. MacInnis (Cape Breton South): There is always tomorrow, for at least this side of the house. This Minister of Agriculture thinks along the same lines as the Minister of Corporate and Consumer Affairs. It is not too long ago that he put his foot in his mouth, and shouted at a member from this side of the house who was persistent in asking a question, that the member was trying to work his way into the cabinet. This answer indicated the Minister of Agriculture also realizes the Liberals are doomed to be in opposition, and there is going to be a cabinet formed by our party. I want to say, in all fairness to my leader, that he made it quite clear to this house he has no wish to be Prime Minister of this country unless he has the support of the Canadian people. It is just this challenge from which the Grits are running.

Outside the house the Prime Minister has said that there was a plot. You know, Mr. Speaker, that every time there is a recorded vote it is the duty of the whips of the various parties to gather together all their members. After making a statement outside the house about a plot, the Prime Minister came into the house and said there was no collusion, but that there had been collusion developed in the last couple of days. He could not face the opposition and make those charges in the house. In the house he said there was no collusion; the whips had done their duty. The Minister of Finance did not make his move until he was advised by his own whip that there were enough members present. Then we have the spectacle of a minister going outside the house and blaming one of his colleagues, the Minister of Transport. I believe he deserves all the blame he gets.

May I call it ten o'clock, Mr. Speaker.

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

HOUSE OF COMMONS

Tuesday, February 27, 1968

The house met at 2.30 p.m.

[*Translation*]

PRIVILEGE

MR. CAOUETTE—NEWSPAPER CRITICISM OF PARTY POSITION

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I rise on a question of privilege.

I have been since last Thursday, and still am, a butt for virulent insinuations on the part of unscrupulous journalists, both French and English-speaking, who criticize the stand we took Wednesday with regard to the motion now before the house.

Mr. Speaker, I am accused of having made a bargain with the government. People wonder what happened between Monday and Wednesday to bring about a change in attitude on the part of the leader of the Ralliement des Créditistes and his group. Mr. Speaker, I will answer that what happened between Monday and Wednesday is simply that the motion now under consideration was introduced in the house, and that is all.

When, in the newspaper *Le Devoir,* Mr. Claude Ryan states that I met with the Minister of Manpower and Immigration (Mr. Marchand) and the Secretary of State for External Affairs (Mr. Martin), he is lying baldly and dishonestly. The same is true for the other journalists who wrote the same thing. I exchanged only a few words with the Secretary of State for External Affairs who asked me if we were opposed to the motion being discussed immediately after its introduction on Wednesday, disregarding the 48-hour notice required by the rules of the house. That was the only thing discussed by the Secretary of State for External Affairs and myself. At that time, I gave my word to the effect that we did not see any objection to the motion being discussed last Wednesday.

Therefore, newspapermen or members of other parties who attribute us bad intentions are acting dishonestly and I must say emphatically that our position has not been the object of any bargaining. Moreover, to those who asked the Prime Minister (Mr. Pearson) whether he had offered to make me a senator I could have said: There are eight vacancies in the other place; we are eight members of the Ralliement Créditiste, and we are quite willing to fill those vacancies. But that was not the case.

To those who asked me whether the Prime Minister had offered me trips at the expense of the state, I must reply that I can travel abroad without my emoluments as member of parliament and without the intervention of any government.

So, I want to protest strongly against such dishonest and malevolent insinuations made by the press. May I add, Mr. Speaker, that my reputation, my integrity and my honesty are comparable to those of all the people who are now writing against me.

Some hon. Members: Hear, hear.

[*English*]

Mr. Speaker: Order, please. I have received notice of a second question of privilege from the hon. member for Winnipeg South Centre.

MR. CHURCHILL—ANNOUNCEMENT OF CHANGE IN PARTY AFFILIATION

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I rise on a question of personal privilege to announce that it is my intention to sit in the house as an independent Conservative.

I am taking this step after careful and long consideration, and with deep regret. The issue before the house is so fundamental to our parliamentary system and so dangerous to our freedom that I cannot justify to my conscience to surrender now of part of our freedom in the hope that it may be regained at some uncertain time in the future. That runs counter to my experience of life and to my understanding of mankind's long and painful struggle for freedom. The decision of the Progressive Conservative party to capitulate at this time is so contrary to the principles of the party, as I understand them, that I prefer to have complete freedom to express my views in the debate without embarrassment to my colleagues.

Inquiries of the Ministry

• (2:40 p.m.)

At the earliest convenient opportunity I will meet with the members of the executive of the Progressive Conservative party of Winnipeg South Centre and in consultation with them take whatever action is considered appropriate.

I shall continue to maintain a friendly and sympathetic interest in the Conservative party, in the hope that at some time in the future it will once again command my steadfast and unswerving support.

Mr. Speaker: Orders of the day. The hon. member for Cape Breton South (Mr. MacInnis).

[*Translation*]

ADMINISTRATION OF JUSTICE

QUEBEC—IMPRISONMENT OF TWO ACCUSED PERSONS WITHOUT TRIAL

Mr. Gilles Grégoire (Lapointe): Mr. Speaker—

Mr. Speaker: Does the hon. member wish to rise on a question of privilege?

Mr. Grégoire: Just on a point of order, Mr. Speaker.

Our standing orders provide for a question period and since you just called the orders of the day, I was rising to ask a question before we proceed with the orders of the day.

I have precisely a question to put to the hon. Minister of Justice—

Mr. Speaker: Order. The hon. member will admit that since the other day, apparently by tacit agreement among the hon. members, there has been no question period. I believe that it is still the wish of the house.

Mr. Grégoire: No, Mr. Speaker, there has been no formal or informal agreement on that matter. No motion to that effect has been put before the house and I have never heard of such an agreement, tacit or otherwise.

Mr. Speaker: Order. If the hon. member has a question to ask, he should put it immediately, in order to settle the matter.

Mr. Grégoire: I have one question to put, Mr. Speaker. In fact, I even have two.

I should like to put my first question to the hon. Minister of Justice.

In view of the fact that two Montrealers, Vallières and Gagnon, have been detained in

prison for a year and a half, without even an opportunity for trial, which is further delayed—

[*English*]

Mr. Starr: I rise on a point of order, Mr. Speaker.

Mr. Speaker: Perhaps before the hon. member for Ontario raises a point of order I might tell the hon. member for Lapointe that he is asking a question about a matter which is clearly sub judice. He is referring to a trial which is now in progress in Montreal. I believe the question is out of order.

Mr. Starr: My point of order is this, Mr. Speaker. You had passed orders of the day, the Assistant Clerk had read the motion, and you had recognized the hon. member for Cape Breton South. There was no need to revert to another order of procedure.

Mr. Speaker: I am in agreement with the hon. member, but it was just to facilitate the progress of business this afternoon that I thought I would allow the hon. member to ask a question. I have told him that the question is not in order. I suggest to the hon. member that I can hardly perceive of any question which is so urgent it might not wait a day or so before being put.

[*Translation*]

Mr. Grégoire: Mr. Speaker, the standing orders are there and I ask that they be adhered to. Under the heading "Order of business", a forty minute question period is provided for on Tuesday. The clerk of the house has not read the orders of the day or the matter to be discussed. As soon as you said "Orders of the day", I rose and said: "Mr. Speaker, I should like to put a question."

Under the standing orders, there should be a question period and I have every right to put a question.

Mr. Speaker: Order. The hon. member will agree that I have allowed him, nevertheless, to put his question.

On the other hand, the hon. member for Ontario (Mr. Starr) made a quite legitimate point, suggesting that I had already called the orders of the day.

Mr. Grégoire: Mr. Speaker, you call the orders of the day every day at the beginning of the question period. It was at that point that I rose.

Mr. Speaker: Order.

[*English*]

Some hon. Members: Order.

Mr. Speaker: Perhaps the house will again agree to facilitate the work of the house and the task of the Chair. The hon. member said he had two questions. One is out of order but we have not heard the other.

[*Translation*]

Mr. Grégoire: I do not need the consent of the other members. I am in order and I do not need anyone's consent to put questions.

Mr. Speaker: Order. The hon. member could perhaps put his question.

Mr. Grégoire: I wish to put my question. There is no question at all of *sub judice*.

Mr. Speaker: I suggest to the hon. member that he may not allude to that subject. It is clearly out of order.

Mr. Grégoire: I was not alluding to it Mr. Speaker. If you will listen to my question, you will see that the point I want to bring up is—

[*English*]

Mr. Starr: Mr. Speaker, I rise to a point of order. If the hon. member wishes to go to the orders of the day then I think he needs the unanimous consent of the house. He is not going to get it at this time, because we are now engaging in a debate that is before the house.

Mr. Speaker: Hon. members appreciate that it is so difficult to know at exactly what point orders of the day are called or are not called. It seems to me it would be easier for all concerned to allow the hon. member to ask his question.

Some hon. Members: No.

Mr. Speaker: It is a matter of common sense, I suggest to hon. members.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I know the difference between what is *sub judice* and what is not. If you will allow me to put my question, you will see that it is very important, because two Montrealers have been detained in prison for a year and a half without having been allowed a trial—

[*English*]

Mr. MacInnis (Cape Breton South): Mr. Speaker—

Mr. Speaker: Order. Would the hon. member for Cape Breton South kindly assist me? I will recognize him in a moment. I should like to give the hon. member for Lapointe an opportunity to explain to me his question.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I wish to put my question as follows: Since two Montrealers, Gagnon and Vallières, have been in jail for a year and a half, without being brought to trial and since the case has been adjourned *sine die*, I would like to ask the Minister of Justice whether he intends to use the Bill of Rights, so that both individuals may be brought to trial immediately or granted bail.

Mr. Speaker: Order. I must maintain the ruling which I gave a moment ago.

[*English*]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I rise on a point of order. I respectfully submit that the question raised by the hon. member for Lapointe is of the most fundamental importance. Apparently some young men have been held without trial for 18 months. I submit the minister should be asked whether he will deal with this matter.

Mr. Speaker: Order. I read reports of the trial this morning, but I have to go by the information I have. If I am wrong, then after considering the matter further perhaps the question can be permitted tomorrow.

[*Translation*]

LABOUR RELATIONS

SUGGESTED DELAY IN CONSIDERATION OF APPLICATIONS BEFORE BOARD

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct another question—

Some hon. Members: Order. Sit down.

Mr. Grégoire: Mr. Speaker, a 40-minute period is allowed for questions and I wish to direct another question to the Minister of Labour.

In view of the fact that the Canada Labour Relations Board has made a decision on a matter now under consideration by a committee of the house, does the minister intend to ask the Canada Labour Relations Board to postpone the implementation of this decision until the legislation is passed here?

Mr. Speaker: I think this question could be placed on the order paper.

Motion Respecting House Vote

BILINGUALISM AND BICULTURALISM

INQUIRY AS TO FURTHER REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a further question to ask.

Mr. Speaker: Order, please. The hon. member is overtaxing the patience of the house as well as my own.

Mr. Grégoire: Mr. Speaker, if there are other members who have questions to ask, they are free to do so, but I think that there is a 40-minute period allowed for the questions. I should like to direct a question, which I think is urgent, to the right hon. Prime Minister.

Could the right hon. Prime Minister tell us whether it is true the Laurendeau-Dunton commission has refused to issue the second part of its report on bilingualism and biculturalism?

Mr. Speaker: I would suggest this question is not of an urgent nature and should be put on the order paper.

• (2:50 p.m.)

[*English*]

HOUSE OF COMMONS

MOTION RESPECTING HOUSE VOTE ON BILL C-193

The house resumed, from Monday, February 26, consideration of the motion of the Prime Minister:

That this house does not regard its vote on February 19th in connection with third reading of Bill C-193, which had carried in all previous stages, as a vote of non-confidence in the government.

Mr. Speaker: Order, please. Before calling on the hon. member for Cape Breton South may I thank the house for its forbearance and assistance to the Chair.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, the house will understand how difficult it is for me to speak on this occasion. The actions of this government have caused an hon. member of this house who has given long, devoted and loyal service to his party to resign from that party. I am sure my colleagues agree that his association with our party has made him much beloved.

Some hon. Members: Hear, hear.

Mr. MacInnis (Cape Breton South): I trust that the defendants in this trial—and it is a trial; it was so referred to by the Minister of Finance—will remain in their seats longer this afternoon than they remained yesterday afternoon. Yesterday, when there was too much heat in the kitchen, some of them scurried away. I refer particularly to the Minister of National Health and Welfare. I hope that more than two cabinet ministers will remain to hear what is being said.

It was unfortunate that the hon. member for Lapointe should raise the matter of two men being held in jail. Though this government could help them, they are being held in jail. But then this government should not be entirely condemned for its attitude; after all, its actions on the other side of the ledger tend to even the score. I am referring to a former Liberal member who was made a judge. He was tried, sentenced to two years in prison, and he has not served a day of that time up to the present. Despite his conviction this government continues to pay him his salary.

Mr. Speaker: Order, please. I hope the hon. member will be cautious in his remarks relating to the judiciary.

Mr. MacInnis (Cape Breton South): Mr. Speaker, if I must remain cautious in my remarks about a man who has been—

Mr. Speaker: Order, please. I ought to have added that the matter the hon. member has referred to is also before the courts.

An hon. Member: It is under appeal.

Mr. MacInnis (Cape Breton South): I will not say any more except that there is a precedent in this house, with this matter already having been referred to.

I want to speak about the government and about the make-up of the cabinet in which we are asked to vote confidence. Last night I was reviewing the divisions in the Liberal party that have been apparent for a number of years, and I referred to members of cabinet. For the Prime Minister's benefit I shall repeat some of the things I said.

The Minister of Forestry and Rural Development (Mr. Sauvé) spoke in the west about the phasing out of the Sydney steel operation. At the same time in the House of Commons the Minister of Industry (Mr. Drury) was saying that it would be ridiculous for the government to make plans. Another example of division was when the Secretary of State (Miss LaMarsh) refused to sit next to the Minister of Indian Affairs and Northern Development (Mr. Laing). The cabinet blamed the Minister of Transport (Mr. Hellyer) for

prodding the Minister of Finance (Mr. Sharp) into that fatal move last Monday night. Outside the house the Minister of National Health and Welfare (Mr. MacEachen) said the Minister of Transport started the prodding.

Despite the Prime Minister's utterances outside the house about a plot, the Minister of Finance responded to prodding on that Monday night. For the Prime Minister to charge a plot is ridiculous. That is a most dishonest approach, especially when one considers what the Prime Minister had to say when he returned to the house. As I remember, his opening remarks were that there had been no collusion. That statement does not tie in with what he said to the Canadian people about a plot.

They tried their best to prove that the hon. member for Cumberland (Mr. Coates) had made this statement. A tape was made; that tape was taken to the Prime Minister's office and checked, and they found that the reference to the plot was not what they were looking for, so they did not push that. They went back to the house and said there was no collusion. But there was collusion outside the house, by their own admission. The hon. member for Villeneuve (Mr. Caouette) explained before a television audience that the only conversation he had held with a minister of the government was when he bumped into one in a television studio. Yet in the press the same day the Prime Minister was reported as saying that the Secretary of State for External Affairs (Mr. Martin) had talked this matter over with the hon. member for Villeneuve. There is collusion, Mr. Prime Minister, and you are up to your neck in it.

Mr. Speaker: Order. The hon. member must address his remarks to the Chair.

Mr. MacInnis (Cape Breton South): Mr. Speaker, there is collusion and the Prime Minister is up to his neck in it.

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): The right hon. gentleman seems to think this matter is rather amusing. It is not amusing when we think of the state of affairs he has brought about and which we have witnessed in this house the last few days. It is not amusing when we consider what has happened to an hon. member of this house. It is not amusing when we examine what the right hon. gentleman's own supporters and ministers are doing.

It is my understanding that the Liberals, especially those who are running for the leadership, are under instructions to keep their mouths shut. They have been told "Don't get into this debate; keep your noses clean". There was a row about the fact that the Minister of Finance was the only candidate to get into this debate. Hon. members opposite are fighting this issue among themselves, as they are fighting many other issues among themselves.

It must be interesting to the Prime Minister to read the only speech made by a Liberal member in this house yesterday, in the course of which he expressed the hope that the new Liberal leader would bring about true Liberalism in this country. What are the ministers of the crown doing? They are criticizing the leadership all the way. Take the Prime Minister's seatmate, his old friend the Secretary of State for External Affairs, the Jack Benny of the Liberal party. What has he had to say about the Prime Minister's leadership? In Halifax he told Nova Scotia Liberals that what the Liberal party needs today is strong leadership. If that is not a reflection on the present Liberal leadership, what is it? It is bound to be a reflection on the Prime Minister. I could go along the line and pick out contradictions by each and every one of those ministers opposite, one against the other.

Not long ago we were witnesses to one of the most unusual spectacles we have seen in this house in a long time, certainly since I have been here, when we saw two Liberal ministers standing up in this chamber and taking opposite sides on a vote. Yet the Prime Minister talks about unity and solidarity within the cabinet. Mr. Speaker, they have been split down the middle a dozen ways for the last five years.

The Secretary of State for External Affairs is not the only party member who has been talking about the leadership. And while I am speaking about the minister for external affairs let me point out that he is now obliged to go to the convention bearing the cross of an alliance with the Créditistes. Despite what his tactics may have been before this particular development, the fact that there has been collusion between the Liberals and the Créditiste party is a cross which he will not be able to carry to the Liberal convention and survive; and this cross has been placed on his shoulders by none other than his old friend the Prime Minister. With friends like that, who needs enemies.

The Secretary of State for External Affairs says the time has come for strong leadership, a reflection on the present leadership. Then there is the Minister of Finance, who said in Halifax weeks ago, long before this particular crisis developed, "Some of my colleagues won't speak to me." All this is recorded for posterity; it was a statement made over national television. If any minister wishes to get up and deny the accusations I am making, which reflect on the Prime Minister and the Liberal leadership, he is free to do so and I will come forward with the proof.

• (3:00 p.m.)

Some of the cabinet ministers have continually contradicted statements made outside this house. Last night, during the few moments that were at my disposal, I thought for a minute that that great expert on the constitution, the Minister of Justice (Mr. Trudeau), was going to rise and have something to say. The other day I noticed that when the leader of the New Democratic party mentioned his name he picked up his papers and rushed from the house, and he was still rushing when he got out where the television cameras were because he was climbing over the balcony to get away from the very thing he was courting the week before.

That constitutional expert has not opened his mouth on this crisis. Not one minister opposite has got up and done anything in the way of supporting the motion brought forward by the Prime Minister. Why? It is because they agree that the leadership they are getting is weak. What is this fight all about? It is only about one thing, to save Pearson's face. It is the Pearson pride. Some time ago it was indicated that the Prime Minister had every intention of retiring. What we are doing now is only holding back that retirement for a month or so. The Prime Minister went before the Canadian people and said there would have to be an election soon. June was mentioned. September was mentioned. In the same breath he said that a decision on an election would have to be made by the new leader of the Liberal party.

What do we hear from that potential leader over there, the Minister of Transport (Mr. Hellyer)? He should be ashamed of the situation where he has been accused of something in this house, but he does not have the intestinal fortitude to get up and defend his government's position. Of course lack of intestinal fortitude is something that minister has shown all along. Here is a potential leader of the Liberal party who says he would not call an election before 1969.

We also have the Minister of Finance as a potential leader, and he too says he would not call an election before 1969. We also have an outsider running for the Liberal leadership; and when I say outsider I mean outside that particular group over there, and I think that is a good thing. These potential leaders of the Liberal party say they would postpone an election until 1969, but the present leader says that eventually the people of the country will have to decide this issue.

What is the issue? We are asked to vote confidence in a government the members of which do not have confidence in one another. You name a minister and I will get you a contradiction from another minister. They don't even sit together any more. We had to rearrange the seating in this house for them. The Minister of National Health and Welfare (Mr. MacEachen), taking advantage of the fact that he is a potential leader of the party, cast reflections on two other ministers. When the Minister of Finance was asked the question directly as to whether the Minister of Transport had prodded him into his present situation he would not confirm it. I say again that accusation was in the question, but the minister would not confirm it.

So what do we have? We have potential leaders of the Liberal party who, despite the fact that they were told by the Prime Minister to stay close to Ottawa, did not. The Prime Minister takes himself off to Jamaica, running away from the responsibility which was handed to him by the Canadian people in 1965 and which he could have carried until 1970. He continually runs away from this responsibility. There has been absolutely no direction. No responsibility is shown by the Prime Minister. He comes back to this house and says one thing to it, and something else to the people of Canada over television.

I am sorry, Mr. Speaker, to see that the Prime Minister is leaving the chamber. I would like to quote one of his own remarks to him before he goes. We have been faced with dishonest answers in this house, these coming from the Prime Minister himself. Hon. members opposite can run back and tell him about this. He stood up in this house and gave dishonest information to the house on more than one occasion. I will relate briefly—

Mr. Speaker: Order. The hon. member should be cautioned again on his language. I

think he is certainly not helping parliament or the House of Commons by using language that is perhaps a bit strong in the circumstances.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I assure you I am being very cautious, and my caution is supported by the written word in the *Hansard* record. If you want me to cite one case it is backed up by the recorded words in *Hansard*. It was a case not too long ago when the Prime Minister, in excusing the absence of one of his ministers, said that minister was indisposed and under his doctor's orders. But the next day we had the very minister in question come in and explain his absence by telling the house he was escorting the Shah of Iran. Just try to tell me I cannot back up my accusations that we have dishonest statements, that we have dishonest government, a government that is leading this country down the road to ruin.

Some hon. Members: Hear, hear.

Mr. MacInnis (Cape Breton South): I do not propose at any time to make statements in this house that cannot be verified by the records, statements that show that members of this cabinet day after day have been contradicting one another. I would like to wrap up on this note, Mr. Speaker—

Some hon. Members: Hear, hear.

Mr. MacInnis (Cape Breton South): Thank you, gentlemen; I am glad you appreciate it. Now that they have enticed me to make one more remark I might say for the benefit of Liberal supporters in this house that their discipline is not what it appears to be at all. Discipline is not discipline if it is brought about by either a promise or a threat. The discipline shown by the Liberal party here today can be brought about with some members by the fact that possibly you are going to have your pensions doubled; or then again the discipline may be brought about by the fact that you are faced with the threat that your franking privileges will be cut off or your transportation privileges will be removed. A bunch of sheep—

Mr. Speaker: Order, please. The hon. member's time has expired.

Some hon. Members: Hear, hear.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, it is with a genuine feeling of regret that I rise to speak on this matter at this time. I regret being compelled to speak upon a question that I do not believe has any proper place in the order of house business at this time. Most of all, Mr. Speaker, I regret what the government have done to the constitution of parliament and the theory and practice of parliamentary democratic government by their brazen determination to cling to power. In their obsession with office, their arrogant assumption that they and they alone have a right to govern, they have debased parliament and degraded every member forced by their stubborn attitude to take part in these proceedings.

Some hon. Members: Hear, hear.

Mr. McIntosh: We saw something of that this afternoon. Their course is clear following their defeat on a major item of budgetary policy in the House of Commons. They should get out, and not stand upon the order of their going. From a layman's point of view, Mr. Speaker, I contend that you should not have allowed or ordered this motion, worded as it is, to come before this house for consideration. It is a direct contravention of standing order 35 of the House of Commons, which reads in part:

> No member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

I repeat the last part of that:

> —except for the purpose of moving that such vote be rescinded.

It is difficult for me, Mr. Speaker, to believe that you have prior knowledge from the government that it is their purpose to rescind the vote if this motion is carried, or even if it is defeated. I ask myself, Mr. Speaker, why then did you allow this motion to come before the house?

Mr. Speaker: Order, please. I have to bring to the hon. member's attention that it is entirely out of order, and certainly against the most basic principles of parliamentary procedure, to speak or reflect on the Speaker's position in the way the hon. member is doing now.

• (3:10 p.m.)

Mr. McIntosh: Mr. Speaker, with all deference I will read the order if you—

Mr. Speaker: Order, please. I understand the point made by the hon. member. He is referring to the procedural aspect of it. He can do that without bringing the Speaker into the argument.

Mr. McIntosh: Mr. Speaker, you are the only authority I recognize in the house at the

present time. You ordered that this motion come before the house for consideration. At the present time I am considering this motion. You are the only symbol of parliamentary authority left in this country at the present time. I realize that you know the rules better than I do, yet you did not protest or even mention rule 35 when this motion was placed on the order paper; in fact you ordered it be considered.

I am not only casting a reflection on the vote but am wondering, in view of standing order 35, why the Prime Minister was allowed to reflect on the vote of Monday night on a number of occasions during the debate. Even in his opening remarks the Prime Minister reflected on the vote. This was contrary to standing order 35. If the purpose of the motion is not to rescind the vote that was taken in the house on February 19, is there some other rule or procedure which automatically allows the government to rescind the vote which was taken on Bill No. C-193 regardless of how the decision is made on this motion? As reported at page 6923 of *Hansard* for February 23 the Prime Minister said this:

So far as third reading is concerned they are more emphatic. Erskine May, whom we hear quoted a great deal in the house, has this to say in his seventeenth edition at page 571:

"If the question 'that the bill be now read a third time' "—

This was the question dealt with last Monday night.

"—is negatived, such a vote is not only not necessarily a matter of confidence but is not even necessarily fatal to the further progress of the bill."

We have made it quite clear we are not going to ask for further progress on that bill—

I find the last four lines of that quotation very strange. I shall repeat them:

"—but is not even necessarily fatal to the further progress of the bill".

We have made it quite clear we are not going to ask for further progress on that bill—

Does the fact that we have debated the motion and are willing to take a vote on it now mean that the vote on Bill No. C-193 is automatically rescinded? Much has been said about the strange wording of the motion itself. I ask whether there is any relationship between the unusual wording of this motion and the remarks of the Prime Minister which I have quoted and which I shall repeat:

"—but is not even necessarily fatal to the further progress of the bill".

We have made it quite clear we are not going to ask for further progress on that bill—

[Mr. McIntosh.]

It is because of this doubt that I cannot vote either for or against the motion, if you as Speaker of the Canadian parliament insist or rule that the motion be put. I also believe that the procedure and the conduct on the part of the government which has been allowed in this house since Monday night are a threat to the supremacy of parliament; because if we proceed with this motion to its conclusion never again will any negative vote against this government or any Canadian government have any meaning. The issue in question could always be forced on parliament for reconsideration after a 48 hour interval. This is the second reason that I cannot vote either for or against the motion which is before the house.

As recorded at page 6921 of *Hansard* you ordered, Mr. Speaker, that this motion be considered. I think this is a trap that will destroy parliament. I wish to draw your attention to a speech by the hon. member for Queens (Mr. MacLean). This speech was made some years ago and will be found at page 4557 of *Hansard* for June 8, 1955. To me it has a strange relationship to our present debate. With your permission I shall read part of it:

Hitler gained his first important position of power by the passage of a bill in the German parliament. It was a simple bill, and it was said that its provisions would not need to be used and it would do no harm. Just as we have been told now, it was said that the rights of parliament, would not be disturbed or lessened. When I listened to the explanations given by several members of the government—I say this in all sincerity—they unwittingly and by absolute chance reminded me of Hitler's statement in the German parliament when he introduced the enabling bill of which I am speaking. I took the trouble to look up his speech, and these were Hitler's words on that occasion:

"The government will only make use of these powers in so far as they are essential for carrying out vitally necessary measures. Neither the existence of the Reichstag nor that of the Reischrat is menaced".

It would not interfere with either houses of parliament.

"The position and rights of the president remain unaffected. It will always be the foremost task of the government to act in harmony with his aims. The separate existence of the federal states will not be done away with".

In other words it would not interfere with the rights of the provinces.

"The rights of the churches will not be diminished, and their relationship to the state will not be modified. The number of cases in which an internal necessity exists for having recourse to such a law is in itself a limited one".

The law is justified because the occasions on which you could possibly use it are few and far between.

"All the more, however, the government insist upon the passing of the law. They prefer a clear decision".

Every sentence in that statement has a familiar ring.

The hon. member continued:

It is because I believe in the democratic way of life which was established by our forefathers that I think it behooves us to protect that way of life by retaining our parliamentary system which has been gained with such great difficulty. I feel sincerely that these things must be protected, not only by means of war or military defence but also by the exercise of unspectacular and tedious methods through the use of free speech and seeing that no undemocratic bits of legislation creep into our code of law.

I say again this has a strange relationship to the topic we are discussing at the present time. I am a Conservative because I believe in the principles of this party. There are six principles, three of which I should like to bring to the attention of the house because I believe they have reference to this debate. The first is, preserving the freedom of the citizen. The second is, promoting the development of Canada; and the third is, upholding the supremacy of parliament. I ask myself whether the motion has anything to do with any of these three principles. The strange wording of the motion is as follows:

That this house does not regard its vote on February 19th in connection with third reading of Bill C-193 which had carried in all previous stages, as a vote of non-confidence in the government.

I am of the opinion that a vote on such a motion would be a violation of the three principles I have enunciated. Certainly the freedom of the individual will be diminished. Nothing is more fundamental than the defeat of a tax bill which would interfere with the development of our country. The 5 per cent surtax that went into effect on January 1, and which is vital to the government's policy, was defeated by a vote of this parliament.

There is no doubt that the supremacy of parliament is at stake. Practically every newspaper editor in the country has voiced this opinion. A vote of confidence should not be allowed. This becomes an issue of the supremacy of parliament, and parliament has already expressed its opinion in this regard. We as Canadians believe that parliament is greater than any government or any party.

In keeping with democratic traditions and principles the Prime Minister is duty bound to have the government resign. In fact he has only one more duty to perform, and that is to consult with the Governor General. That is the reason we are here. That is the reason we are giving consideration to the motion that Your Honour allowed to be placed on the order paper.

• (3:20 p.m.)

Much will be said by the constitutional experts on the validity of the motion before us. Many precedents will be presented and debated by the legal experts. The same precedents will be used by both sides in an effort to prove their points. Precedents, like statistics taken from the same source, can be used in an effort to prove both arguments. I intend in a few moments to put some of these precedents on the record. The interpretation of words will no doubt be questioned in the debate by the experts. In fact I have questioned the interpretation of words in our standing orders of the house.

As I said, I am not a legal expert. I asked you, Mr. Speaker, why you allowed this motion to be put on the order paper. Operative words such as those quoted by Dr. Eugene Forsey a few days ago will be questioned. I admit that Dr. Forsey is considered a constitutional authority, and suggest that he should have been asked whether he considers the defeat of Bill C-193 vital to government policy. I am pretty sure his answer would be very interesting.

This is one of the questions the ordinary man on the street, whom I represent, is asking. This is one of the questions that we as backbenchers are asking. Very few of us, as I said before, are legally trained or qualified to enter into a constitutional debate. We, like the ordinary man on the street, look for simple ground rules to follow. An editorial in the *Globe and Mail* of February 22, under the heading "Breaking Rules for Power" has this to say in part:

The ground rules on which a Canadian government stands or falls are so well known that the Canada Year Book for 1967, published under the authority of Trade and Commerce Minister Robert Winters, was able to state without qualification: "When the cabinet (the government) suffers defeat on a government bill or a vote of censure or on a motion of want of confidence in the Commons, the existing government or cabinet must either resign or request a dissolution from the Governor General."

This is taught to all our students right across Canada. This is commonly understood. It is language that the man on the street understands. It is language that I understand.

Mr. Crouse: Everybody but a Liberal.

Mr. McIntosh: The ordinary, reasonable man on the street, that is the Canadian public, concludes that the government or cabinet must either resign or request dissolution from the Governor General.

Some hon. Members: Hear, hear.

Mr. McIntosh: This editorialist further states that in his opinion the motion now before the house is a contravention of the house rules, and completes his editorial with these words:

> The only answer is dissolution, and the sooner the better.

I paraphrase my leader's remarks of the other day in the house, and say that this government has no right to put any business before the house, including a motion of confidence. It was defeated on a bill to raise taxes, a fundamental part of the government's program. This was a defeat clearly involving a loss of confidence of the house. The constitutional practice must be respected. It is fundamental to our constitution that the loss of such a fundamental vote of confidence involves resignation or a recommendation for dissolution.

The ordinary man on the street does not believe that the defeat of the government on a budget tax measure, moved by the Minister of Finance, can be anything but a convincing show of lack of confidence in the government by his representatives in parliament. Related to this issue, and clearly understood by the Canadian public, is the government's extravagance, so clearly shown by the Auditor General's report and the recent estimates. They show a sharp increase in most government spending programs. We now have serious inflation, astronomical interest rates, tight money and growing unemployment. As serious as these matters are, they are now exceeded by the political crisis facing parliament, because the supremacy of parliament is what is at stake; Canadian individual freedom is in jeopardy. An editorial in the Toronto *Telegram* of February 21 states in part:

> The government is now badly split between men of conscience and those who would cling to office by any possible means or device.

The editorial also states that the Prime Minister is taking advice from those of his colleagues who would cling to the remnants of power no matter what the cost. The Prime Minister's determination to resort to these tactics puts the responsibility on members of parliament to uphold the institution to which they were elected. If the government is upheld, then parliament becomes nothing more than a rubber stamp.

If the house does not have full and final control over money bills, it has full and final control over nothing. The members of this house cannot be asked to play the part of a scapegoat to assume blame for the government's mistakes. I am quite confident that the people I represent in the constituency of Swift Current-Maple Creek would be bitterly disappointed if they thought they had elected as a member, from any party, one whose only obligation to them was to act as a scapegoat or a rubber stamp. If there was any idea that such was the function of a member of parliament, I know the party which I support would have had a different candidate.

Such action to my mind completely destroys our democratic process. The whole process behind our form of government is that parliament has ways and means to safeguard the people against the executive branch, who may think it desirable to rule in a dictatorial manner. This is what they are trying to do, rule in a dictatorial manner. It is our duty as members of parliament, I say again, to protect the people against such a process. Winston Churchill once said:

> Democracy is the worst form of government ever devised by man—except all others.

It is the best we have, and we must protect it. Asking the house to ignore Monday's vote makes a mockery of the House of Commons. Ignoring the vote strikes at the very heart and essence of constitutional democracy and responsible government. I can understand the attitude of the Prime Minister and the government in attempting to get around the decisive vote against them on Monday evening. They are so desperate to remain in power that they are willing to distort fact, defy precedent and constitutional practice to do so. I can understand them, Mr. Speaker, but I cannot agree with them nor can I condone their action.

My understanding of their argument is that they claim their defeat was an unfortunate and ridiculous accident, something abnormal and not quite cricket. They further claim, as I understand it, that whatever happened on Monday night, the question upon which they met defeat does not properly constitute a question of lack of confidence.

My understanding of their case as advanced so far is that they now wish to ask this house to reverse itself, to erase the entire proceedings of black Monday and stop trying to

interfere with the Liberal party's God-given right to govern Canada. Given such arrogance, it is a wonder they stopped short where they did. With such a vain and distorted viewpoint we might have expected them to bring in a motion of censure against the opposition for having the temerity to defeat them, or even a motion of contempt of parliament.

As I said at the outset, Mr. Speaker, I find it impossible either to agree with them or to pardon their stubborn arrogance. I recall to the Prime Minister the injunction of Oliver Cromwell, another vain and dictatorial figure:

I beseech you, in the bowels of Christ, think it possible that you may be mistaken.

• (3:30 p.m.)

The government's position, as I conceive it, is that Monday's vote was an accident, third reading is really not an important stage of the bill, and in any event the substance of the bill was not sufficiently important for the vote to be considered a question of confidence in the administration. If you will recall, Mr. Speaker, the measure in question was opposed on second reading and throughout the committee stage. There was consistent and growing opposition throughout the different stages of the bill. It simply reached its climax in the final stage on third reading. The crucial stage in the passage of any measure through the house is the final stage. We should all recall that defeat almost came about a few hours earlier on that day on a vote in the committee stage. It was not a freak occurrence, not an accident, nor, least of all, the result of a sinister plot, as has been implied by some of the more desperate ministers opposite. Third reading is as important a stage in our parliamentary procedure as any other and that is why we have third reading.

Let me say in addition that the vote was taken in the midst of a normal working day. There was no opportunity for surprise or skulduggery. Let us get that perfectly clear. The vote against the government was won by the majority of members present and voting. Surely the only valid criterion for parliamentary business is just that. If we believed what the Prime Minister said we would have to wait for 100 per cent attendance before any measure became legal, which is a ridiculous idea.

Mr. Horner (Acadia): What about the capital punishment bill?

Mr. McIntosh: The attitude of the government throughout has been that the vote on this question need not be taken as indicating a lack of confidence in the administration. Sir Ivor Jennings, one of the recognized constitutional authorities, has this to say on page 146 of his book, "The British Constitution":

With very rare exceptions, all questions in the House of Commons are matters of confidence.

Dr. Michel Ameller, a distinguished European constitutional scholar, in 1966 prepared a study, called simply "Parliaments", of parliamentary usage in 55 nations for the interparliamentary union. At page 281 of the book he wrote:

The practice today in Great Britain, and generally speaking in all countries influenced by Great Britain, is to regard a vote hostile to the government's policy or administration as a matter of confidence.

The late Professor Harold J. Laski, who needs no introduction by me, wrote at page 184 of his "Parliamentary Government in England":

The defeat of the cabinet by the house involves either a dissolution of parliament or the resignation of the cabinet if it takes place upon a major issue.

Another equally well known and well qualified authority, Byrum E. Carter, in his book "The Office of the Prime Minister", wrote the following at page 258:

—parliament may bring down any government by the simple expedient of withdrawing its support, either through the passage of an outright vote of no confidence, or through the defeat of a major proposal made by the government.

Such unanimity among authorities in any field is rare, but there appears to be a high degree of unanimity on this point among specialists in parliamentary practice. All say there are few exceptions and no exceptions when the vehicle of the government's defeat is a major one.

To be even more exact let me return to Dr. Ameller in his book, "Parliaments", where he wrote the following at page 281:

—the passing of the budget is the most important test of parliamentary confidence in the government.

I should like to remind Your Honour that Dr. Ameller was summing up his studies of the parliamentary practices and customs of 55 democratic nations.

From what I have quoted it may be clearly seen that after such a formally recorded defeat in the House of Commons not only must the government leave office but they have no choice whether they do or not. Once that vote has been officially registered in the records of the house, as it was, they have not

even the luxury of deciding whether or not it was a vote of confidence. The only reason that parliament is sitting here today is that you, sir, have allowed a motion to be put on the order paper.

As I stated before, the Prime Minister has only one more move to make and that is to go to the Governor General. The government is out, however long it takes them to go through the formal steps of resignation. It is finished. Just to drive home the point that the Prime Minister and his cabinet have no freedom of choice in deciding and are bound to get out, let me quote from one more textbook, "How Are We Governed?", written by Professor John T. Saywell of York University and Professor John C. Ricker of the University of Toronto. We find the following statement on page 53:

> These ministers, or the cabinet as they are collectively called, are in turn responsible to the House of Commons and can hold office as advisers to the crown only as long as they are supported by the elected house.
>
> If they are defeated in an election or in the House of Commons, they must resign.

Again, we find the following statement on page 68:

> The house can indicate its displeasure by defeating a government measure or simply by passing a motion of lack of confidence in the ministry. In such cases, the Prime Minister has no alternative but to hand in his resignation to the Governor General or ask for dissolution.

In the light of this great breadth of authoritative opinion I cannot accept that this government has the right, after Monday evening, February 19, to bring in any business whatsoever or even to pretend to office. Their course is clear and they have no legal or constitutional choice but to resign or dissolve.

In the past few days one government apologist after another has come forward to plead that what happened on the floor of the house on Monday evening was all a terrible mistake, an unfortunate accident, a minor setback, an unimportant snag that had no real constitutional implications and carried with it no compulsion upon the government to act. What happened on that eventful evening? What are the facts as recorded in *Hansard*? The bare fact is that the government was defeated on a major money bill by the combined efforts of all opposition parties.

I heard the Prime Minister on television on Tuesday evening trying to explain the comparative unimportance of that vote, and I will not go now into the question of the accommodation accorded by our leader to the Prime Minister on his speedy return from Jamaica. This is another story which should be told at great length. The Prime Minister said on Tuesday that the bill had been passed through all stages up to third reading before being narrowly defeated on the final vote. His main point was that this was a freak accident which never should have happened but now that it had things could be set right again by the simple expedient of revoting.

Again I draw to your attention, sir, the wording of that motion which you allowed to be placed on the order paper contrary to rule 35. The Prime Minister felt that the issue was a minor one, that the question of confidence in the government was not really involved, or if it was involved it was not fairly tested and, after all, why should we go to the bother of an election over a trifle such as a vote against the government? Let us consider the amount of money which such an election would cost the country. I have heard figures from $13 million to $30 million mentioned. Very few people in Canada today know the amount of money that the government is spending needlessly every hour, which could be spent on another election. I say it is our duty as members of the House of Commons to stop this unnecessary expenditure of money.

If the Prime Minister and his fellow apologists for the government really believe what they are saying and are not simply indulging in cynical manipulations of facts in order to enjoy the fruits of office, then they show an ignorance of the underlying and basic theory of parliamentary government, namely, that a government can continue to govern only as long as it retains the confidence of the people who gave it the power to govern in the first place. As I said before, the people are represented by members elected to the House of Commons. When a majority of these members vote against the government it seems obvious that confidence in the government has been lost. I believe that the ordinary man on the street believes in this principle, Mr. Speaker. This simple fact should be obvious even to the many members on the government side whose sympathies are with another system of government. However, I will not go into that at the moment.

• (3:40 p.m.)

Leaving aside for the moment the question of confidence in the government, the bare and inescapable fact remains that one of the principal measures of the government's legislative

program is dead unless it can be reintroduced by some means unknown to me, by trickery or other unknown means which contravene rule 35. This is what I am asking you, Mr. Speaker, as the presiding officer of this body at the present time.

The importance of this measure can be judged from the fact that it was designed to heap new taxation on the Canadian people to the tune of $200 million or more in the next year and a half. According to the Minister of Finance (Mr. Sharp) when he introduced the new tax bite on November 30 last year, he expected a return of $25 million this year and $185 million in the year 1968-69. The word "peanuts" has been used in this house on various occasions. This amount may be peanuts to the Prime Minister and his free-spending colleagues, but it is a tremendous amount of money to the ordinary Canadians who would have had to pay it. We on this side of the house say it is not necessary for the government to collect this money from the people. They should cut down their spending as they have been advised to do time and time again by the opposition parties.

In the light of the increased spending outlined in the estimates now before us I wonder how the government can dismiss such a large slice of revenue so lightly? Only the great urge to retain office could explain their treatment of the defeat of the Income Tax Act amendments as a matter of minor concern, as they are apparently doing. In so far as the Prime Minister's bland explanation that the bill sailed through all stages up to third reading and only inadvertently came to grief, I suggest he should refer to *Hansard* to see what really happened. I realize that he was away on urgent national business and so was unlikely to know about these things at first hand.

What happened was that the tax bill was very nearly defeated while in committee only a few hours before it was defeated on third reading. There was some question about another vote on that day, but I should like to remind the house that this measure was the lynchpin of the government's program. We were told that this bill must be disposed of before the house could get an opportunity to consider other vital financial measures such as the estimates for the current fiscal year.

It is interesting to recall also that this very important matter was set down for consideration on various days last week but had to be put aside because the Minister of Finance, its sponsor, was unavoidably absent from the house on tremendously important national business. The newspapers reported that this tremendously important national business involved making speeches to assorted party audiences across the country. However, I will not argue the merits of the importance given to this bill. After all, it may well be it was as important to the nation as the receiving of an honorary degree from the University of the West Indies. In short, Mr. Speaker, no one can doubt the vital importance of this bill or that it was fairly turned down and the government rejected by a vote of this house.

The importance of the impact of this measure upon the taxpayers and the economy of the country is made obvious by the definitions to be found among constitutional and parliamentary authorities as well as the status accorded it by the government itself. As to the fairness of the vote and its standing as an expression of the house, I simply remind Your Honour that it was a formal, recorded vote of members, not in committee but on third reading. Surely the only gauge of the merit of a measure must be the result of votes cast by those present on any given sitting day.

There is no important function of government or of parliament than that concerning the raising and expenditure of money. The whole history of the evolution of our system of parliamentary democracy is one of the concern of parliament for the taxpayers' money. If this government has forgotten that they have forgotten why they are here.

Before I conclude my remarks, Mr. Speaker, I should like to say something about the deliberate attempt by the Prime Minister to couple his downgrading of this defunct bill with a gross distortion of the motives and actions of the opposition. If it had not been so vicious it would have been amusing. The Prime Minister implied, and he is an old hand at innuendo and a stranger to frankness, that the whole thing had been cooked up to embarrass the great Liberal party on the eve of its leadership convention. He went a little further than that with a statement that attempted to wring virtue from a case not in the least parallel. He said the Liberals had been gentlemanly and sporting last year when the Conservatives held their leadership convention. The Liberals had not interfered or tried to prevent it. The answer to that sanctimonious smear is simple. The Conservatives did not form the government at the time and parliament was in recess, not engaged on matters crucial to the national life of this country.

The Prime Minister's party forms the government. It and it alone controls the comings and goings of parliament and determines what matters of national business are urgent. As the leader of the country and of his party the Prime Minister knew all this quite well when he chose to announce a leisurely program for his retirement, thus throwing the gates wide open to the parliamentary chaos that has followed. The Prime Minister has often drawn attention to the skill and knowledge required to steer a minority government through several years of stormy parliamentary voyaging. Being in possession of all this skill and knowledge he must surely have been perceptive enough to have seen the reefs ahead in the narrow and dangerous political waters into which he steered his ship when he decided to stage his farewell performance. The decision to go through the process of selecting his successor was made during a period when parliament was sitting and seized with critical national business. Having set the stage and written the script, can he now blame the players?

I do not believe there is a member in this house, Mr. Speaker, who would willingly try to hamper the government party in its selection of a new leader. I know of no one, certainly no one in my party, who wishes to embarrass the government party in this regard. We realize that it is a necessary and important event in the life of a political party. We might even agree that it has some importance to the nation as a whole. But surely no one in his senses, even one as far gone in greed and arrogance as members of the cabinet, would hold that the Liberal party's leadership convention is to be placed above the well-being of Canadians and the business of the nation. The Prime Minister has the ultimate responsibility for ordering the business of the nation and for ordering the affairs of his party. If the two conflict or if one is allowed to overshadow and endanger the other, then the responsibility for that also rests squarely upon his shoulders. I hope we shall hear no more of this shallow and unworthy excuse for legitimate opposition action in this house.

• (3:50 p.m.)

In conclusion, Mr. Speaker, let me direct a sincere and honest plea to the government to think first of Canada and of parliament, to place them above their greedy desire for what, under the most favourable estimate, can only be a few weeks or months of barren and anaemic power. Perhaps this will be a vain plea, one that falls upon ears tightly stoppered against reason and decency. If this is so, and I am afraid it is, then let me direct my plea to the ordinary members of the house and urge them to act to preserve parliamentary government and advance the best interests of the country. It was the British House of Commons that many years ago effectively killed the myth of the divine right of kings to rule. Let this House of Commons kill once and for all time the myth of the divine right of the Liberal party to rule Canada.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I had not intended to speak during the current session, though on a couple of occasions events occurred that impelled me to say a few words. My purpose in maintaining silence was to play my part to the end that in so far as Her Majesty's loyal opposition was concerned there would be no interference on my part that might be misconstrued in view of the change in leadership.

During the last week things have occurred that in my opinion ought not to have taken place. There is a surprising difference in the looks on the faces of those opposite today now that they know they have the support of those who see eye to eye with them—the Créditistes.

The Canadian people should have been here a week ago Monday night, Mr. Speaker. What a picture of disorder and incredible dismay was on the faces of the members of the government. Four or five of its ministers were on holiday that night, ministers who anticipate ultimately becoming prime minister of Canada. Each one has since been endeavouring to find an excuse for things turning out as they did. Not too many ministers are here today because they know the outcome. Regardless of the manner in which they have treated parliament they now know they have a numerical majority and therefore nothing else matters to them.

The record, Mr. Speaker, must be made clear. We have just listened to an address by the hon. member for Swift Current-Maple Creek (Mr. McIntosh) who gave one of the most able, complete and thorough analyses of the situation as I see it. I cannot remain silent as one who has occupied the position of prime minister and leader of the opposition, one who has been in this place for 28 years and seen parliament in all its vicissitudes.

Mention was made the other day of the fact that in the course of parliamentary debate

harsh things are said. As long as they are we will not have a one-party state. As long as they are we will not have the dominance of a party in a minority that without regard to the traditions of parliament, tramples on the rights of parliament. Whatever numerical majority may now obtain and whatever the result may be of the count—and I am going to make a reference to the Créditistes a little later—this last week we have witnessed the ravishment, if not the rape, of parliament.

During my day, Mr. Speaker, regardless of my position in the house I never made motions to criticize anyone for what he said outside the house. I have always believed that in the course of parliamentary debate, and outside the house too, one right that must be maintained is the right of free speech. I could not countenance any action being taken by this House of Commons on account of words spoken outside the house, however much I disagreed with them. This is a principle that is embedded in our parliamentary life. Indeed, Mr. Speaker, any such motion could only have the effect of restoring a degree of certainty on the part of the government that they were still in charge and that parliament was still active.

I do not want to repeat any of the arguments that have been made except in a general way. I have been asked over and over again during the course of the last few days: Where do you stand on this question? I have never asked for sympathy on the part of anyone. I have always been prepared to take my stand through the years. One stand, I hope, will be remembered, and that is that however humble the individual, however great those that do tyranny, during my years in this house I have always spoken out against this kind of action, and I will continue to do so as long as I am here.

Parliament, Mr. Speaker, has been emasculated. No longer will it be necessary to ring the bells of parliament for an hour or an hour and a half. From now on we will be able to vote, no matter what comes up, as soon as debate is over. Because whatever the result and however important the subject matter, next day the government will be able to say: Well, we really were not voting confidence last night; we want a second chance.

A variety of arguments have been put forward. One hon. gentleman advanced the argument that there was not a large enough percentage of the house present when the vote took place. Well, Mr. Speaker, 71 per cent of the members were present. This government was elected in 1965 with about 42 per cent of the vote. As a government they now ask for a rerun. When I lost an election I wished the next day that we could run it over again because the next day is the day when people meet you and say they are sorry you were defeated, that they were with you yesterday. Under a democratic system, however, we are not given the opportunity of a rerun, or we have not been in the past. This is a sad day for parliament, Mr. Speaker.

• (4:00 p.m.)

I intended to come to the house late in the afternoon, having been told that I should have this place on the speaking order. Then I heard that the hon. member for Villeneuve (Mr. Caouette) was speaking and I came to hear him. I heard not the hon. member for Villeneuve but the hon. member for Winnipeg South Centre (Mr. Churchill).

In the years I have been in the house, in the days of war, I saw Liberal members taking the hon. member's stand. I deeply regret that he found it necessary to take the course of action that he did, but there is one thing that this house must admit. Another Churchill has done the same thing and he did it twice. Our Churchill served in the ranks during the first world war for three years and served with distinction in the last war. He won the D.S.O. for the utmost gallantry in the field.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Sir, when great principles are at stake there is loyalty to one's party, but there is such a thing as loyalty to principles as one sees it. It came to me as a profound shock to see what is happening in this chamber. I will not mention by name those who decided that what was being done was not in their opinion for the good of the nation. What happened demonstrates what parliament is for. We are joined together in unity in our parties, but when a party loses its idealistic concepts it is time for others on the other side of the house to take a stand.

They are great parliamentarians, those hon. members sitting on the government side. I will not name any of them because that might be regarded as a designation.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I must admit that the dean of the house comes within that classification. One of the greatest things that happened to him was what prevented his being here for the mess the other night. Fate often

puts its hands on those it would anoint, to give a quotation from Horace.

What a night that was. Never have I seen so many humbled so low as the government and its supporters were humbled that day. And now we are told that all is well, that everything has been saved, that a committee has been formed and that they have arrived at a plan to circumvent, degrade and undermine the basic principles of parliament. I do not know who the members are but according to the press one of them is the hon. member for Medicine Hat (Mr. Olson).

Some hon. Members: Oh, oh.

Mr. Diefenbaker: He bought his striped trousers two years ago. He was over here a while ago and he is moving back in this general direction.

It is said that everything has been arranged. I will not deal with what the Prime Minister is alleged to have said, since he is not here, but last night there was an article by the Canadian Press setting out in detail the Prime Minister's tremendous contribution. I refer to that eulogistic statement: "He got back; the government ceased by degrees to be losing; he arranged everything and he lined them all up."

Well, sir, what a perversion has been produced in this resolution:

> That this house does not regard its vote on February 19th in connection with third reading of Bill C-193, which had carried in all previous stages, as a vote of non-confidence in the government.

Well then, why do we have the bells ringing? Why do we call a vote at any time? I will not quote the authorities again. They have been referred to time and again. I emphasize that no amount of evasion, casuistry, circumlocution or downright deception can get away from the following words. I quote from page 461 of "Cabinet Government" by Jennings, that exemplar of the principles of parliamentary government quoted by the Prime Minister:

> Four factors really determine the attitude of a government to a parliamentary defeat. The first is its loss of prestige.

This government had nothing to worry about on that score. The next point is this, and I am not adding any words of my own:

> A weak government is a bad government.

This is a weak government, and it knows it. It is gluttonously hanging on to power because it knows how bad it is. It has invented this spurious attempt at parliamentary genius and in doing so it has followed in the footsteps of the late Right Hon. W. L. Mackenzie King. In 1940 he called parliament with the promise of another session. Parliament met at 2.30 p.m. and at four o'clock he said, "You are not here any more; I have dissolved parliament." He got away with it. In 1926 there was the notorious Byng-King incident, and the Liberal party got away with it. It did not get away with it in 1956 though when it trampled on parliament and desecrated every sacred principle of this institution. The government thought the people would forget. I continue reading:

> Defeat is a sign of weakness which can be overcome only by resignation or dissolution.

There Jennings knew not whereof he spoke. That little matter can be overcome if you have Créditiste allies who believe in this little aphorism:

> A marciful providence fashioned us holler
> O' purpose that we might our principles swaller.

I continue reading;

• (4:10 p.m.)

> The second is the strength of its own cohesion.

Huh. If what has been said by the candidates be cohesion, then give us separation.

> The third is the nature of the issue on which it has been defeated. It is ill-advised to risk a dissolution on a matter which can be made a point of attack on political platforms unless it feels it has a good defence with a wide popular appeal.

I had not intended to read that. How frightened you are.

> The fourth is the importance of the proposal or matter on which it was defeated. A defeat on an important part of the budget, as in 1852 and 1885, is obviously too important to be passed over.

Well, that is how the party opposite was defeated. Canadians have been asking for action. We are told now that Canada is in a frightful financial position. This is the conclusion the Minister of Finance (Mr. Sharp) has come to. Where are all the glorious descriptions of the past two years when we were assured that all was well, that everything was perfect? Today a terribly serious financial condition faces us. It has to be met. The people ask for action. They ask for relief from the highest taxation this nation has ever experienced. What relief is promised? Well, we are told: If this motion goes through the 5 per cent surtax will have gone by the board, but then we intend to plaster on an additional income tax. Mr. Speaker, those who vote for

this motion will be voting for the increase which is coming.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Canadians are facing the highest cost of living in their history and the highest rate of inflation. Prices continue to climb. But the government is not concerned about these things. What they are concerned about is preserving their gluttonous desire for power.

I say to the government: If you get away with this you have virtually made sure that if you choose to stay in for the full five years you can do so, no matter what the people think; all you have to do is get defeated and then say the next day, "This is an awful thing; just when we were ready to attack these big problems we were interrupted."

Some hon. Members: Oh, oh.

Mr. Diefenbaker: They sit over there trying to blame somebody now. I saw the Minister of Finance and the leader of the house sitting opposite. The house leader knew what was going on. At least, if his eyes gave any indication he was fearful. But the Minister of Finance took the attitude: Let's get going; let's get this vote over on a Monday night.

I give the Minister of National Health and Welfare (Mr. MacEachen) an opportunity to deny that he did not try to prevent that vote. But the Minister of Finance had an appointment somewhere—where, I don't know; where, I don't care—and when he has an appointment, what should hold a vote back?

The vote was called and hon. members over there ran in pell-mell. Now they say: "We were caught; we were trapped; we were innocent lambs who walked into a trap. What a preposterous defence. They created the trap themselves. People ask for bread at reasonable prices together with all their other normal requirements and the government gives them a 5 per cent surtax which rests on the average person, since the limitation is $600. Farmers' markets are falling off, farm prices are relatively down, unemployment is mounting. But just as in 1957, when we warned the government for months in advance, no action has been taken. Then at a time like this members opposite mouth decayed platitudes about their belief in the supremacy of parliament. You do not like this institution or you would not permit this crime against it.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: There you sit in all your greatness, knowing that whatever the feelings of the people of Canada may be you are there. I do not like to use a commonplace expression, but the amount of wailing that has gone on since your defeat indicates that crybabies still exist. Members over there say: Give us another chance; we were taken unaware; we wanted the vote, but don't blame us. Mr. Speaker, in these days of computers even ministers of finance do not need to be able to count.

The government whip is a very hard-working whip. I have told him that personally and I say it publicly. But on his small shoulders condemnation is now being heaped because he dared to carry out the wishes of the Minister of Finance. That is hardly what one might call cricket. The government wants a second chance. To do what? To bring in a new bill to impose higher taxation. They never did cut expenditure as they should have done. I should be fair to the Postmaster General (Mr. Côté). I have a personal admiration for him and always did have. However, I feel that when he and the other ministers went to sleep on that increase in the postage last fall it was the first time in history that the people have been saved from taxation as a result of the dormant condition of a government.

Some hon. Members: Hear, hear.

• (4:20 p.m.)

Mr. Diefenbaker: What does the government intend to do? While all these problems face the nation they spend their time undermining our monarchy. They have chiselled away, removing one vestige after another. I do not blame the hon. member for Lapointe (Mr. Grégoire) for laughing, because he thinks all the Liberals are with him now. They had a vote in the city of Montreal at the Liberal meeting there and they came out in favour of abolition. It is the right of any political party to do as it will, but is that the viewpoint of the government? One of those who voted for its abolition was the hon. member for Hochelaga (Mr. Pelletier), Parliamentary Secretary to the Prime Minister. And what about the Minister of Justice (Mr. Trudeau)? I am sorry he is not here; of course he has other things to do. After all, is not a time like this when conditions are what they are, the proper time to bring in legislation regarding those things that up to the present time have been considered as wrongs against the state? What did the Minister of Justice say? He was asked why he did not vote and he said, "Well, I did not think it was important

enough. I am not going to do anything to oppose the trend." Are these to be some of the things that this government has in mind?

For the last several years Young Liberal Associations and university Liberal organizations have been bringing out resolutions to abolish the monarchy, and there has never been one word of condemnation or disagreement from the Prime Minister or any of the ministers of the crown. That is the kind of thing they devote themselves to despite the economic conditions that challenge this country and everything about it.

At a time when we are trying to bring unity to our country they come out with a new postage stamp. During the first world war I remember the great opposition of Henri Bourassa. He did everything he could to oppose, but now he is going to have his head on a postage stamp. Are you going to be fair and put Camilien Houde on the next one? What manner of political nonsense is this government engaged in, with issues facing this country the like of which we have not faced before? But they have nothing to worry about. They have had assistance from outside our country. They did not get it from Washington this time but they did get it from New York. In passing I want to refer to the degree to which the New York *Times* waltzed into action, if I might use that expression. It carried an editorial headed "Overdone Joke", and I quote:

> It was good political fun for opposition forces to seize an unexpected opportunity to defeat the Canadian government in the House of Commons, but it would be irresponsible to carry the joke any further.

Who wrote that? Then in the last paragraph they said:

> With the help of members from minor parties, Mr. Pearson should get it—

Meaning a vote of confidence.

> Canada will be better off if he does.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I am glad you have aid from abroad. You cannot find many editorials in Canada that say that.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I should also refer to a news item in the New York *Times,* written from this building. No wonder the New York *Times* editorial department went astray. The news item included the following:

> The Liberals were defeated suddenly when, in Mr. Pearson's absence, they were outmanoeuvred by opposition forces, who called an immediate vote on the tax bill. The bill, which has been controversial, would put a 5 per cent surcharge on personal income taxes and add 10 per cent to taxes on liquor and tobacco.
>
> The house had all but completed its debate and the Liberals had weathered two previous tests on the bill. After these the final, or third reading, vote might have been considered a formality.

The only excuse one can give for the writer of that article is that he has not got that regard for the truth which he should have or, if he has, he does not understand the British parliamentary system.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Now I come to the Créditistes.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I have no desire whatever even to express the expectation of a hope that any argument will change them because, after all, was it not the leader of that party who made a statement the other day that he was going to stand firm and that this government should resign? The words he used outside the house were:

> If we believe in Canada, that in a democracy, parliament is the real sovereign (power) of the country, in the present circumstances we can only say that the government has been beaten by a parliamentary majority and indeed should turn in its resignation.

That was the view that the hon. gentleman put out across this country. It is not for me to endeavour to enter into hypotheses as to the circumstances that made possible such a tremendous change in his attitude, but again I refer to the couplet:

> A marciful providence fashioned us holler
> O' purpose that we might our principles swaller.

What happened after his clarion declaration? No one knows.

An hon. Member: He got some external aid from the Secretary of State for External Affairs.

Mr. Diefenbaker: No one knows. It is not for me to enter into any theoretical analyses, but I wonder. I do not suppose that in this house today one is denied the right to wonder. I remember so well what happened in the month of April, 1963, when a few days after that election suddenly six Créditistes sat down together and penned a message to the Governor General saying they were going to support the Liberals, and with that, of course, I advised His Excellency to call on another government.

Who was in on that? I don't know, but a former member of this house had views on the subject and he belonged to that party. John C. Doyle is a name to conjure with. He was around in 1963. He is still around in 1968 although he cannot cross the line into the United States because he will end up in the coop for three years if he does. But he is still a power politically. I would like to know whether he had any interest in this matter. It is a question that must occur in the thoughts of Canadians.

Where Doyle is, there is political fixing. He does pretty well too with this government. He owes millions and millions of dollars. The rest of us cannot postpone payment but he fiddles about, he monkeys. After all, he only owes millions. The little fellow across Canada who owes a few dollars gets letters of strong condemnation. I wonder whether he might be of assistance, whether he might give us some information about those six who co-operated in 1963, only one of whom is now in the house. I would be very glad to hear from the members of that party what, if anything, other than the natural desire to be in Ottawa to view the beauties of the capital city, would have brought him hither within the last few days, if my information be correct? It may be only a coincidence but when you have a similar coincidence in 1963 then the question naturally arises, has there been any change of viewpoint in a period of four years? Sir, all I have done is ask a simple question: What did Doyle do. Who spoke with the members of the Créditiste party?

• (4:30 p.m.)

Mr. Grégoire: Put up or shut up.

Mr. Diefenbaker: So far as the hon. gentleman is concerned may I say that I am reminded of the couplet:

> As the cuckoo is in June
> Heard but not regarded.

Now, sir, I shall conclude. My time is almost up. You may win the mathematical vote but the old, old jingle still rings true: Humpty-Dumpty sat on a wall, Humpty-Dumpty had a great fall; all Caouette's horses and all Caouette's men couldn't put Humpty-Dumpty together again. You know it; you sit over there and you are already counting to the end of your term because you know you cannot trample on the sacred rights of parliament. You cannot possibly do that for which Charles I lost his head. We do not want that to happen to you, but certainly the punishment was merited in his case.

You have forgotten the people. You have forgotten the meaning of the word "responsibility" and you have forgotten parliament. You are trying to defend a position by unwarranted and undignified means. If this motion is voted on favourably that mace, sir, is a bauble. In the mace is contained all the pure heritage of parliament. I hold with the words of Oliver Cromwell when he came into the British house, which had been sitting forever and illegally, and said:

> I command ye, therefore, upon the peril of your lives, to depart immediately out of this place;... Go, get out, make haste, begone! So take away that shining bauble there, and lock up the doors.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I rise on a question of privilege.

The former leader of the opposition has been accusing us, he has been making insinuations I call dishonest regarding the Ralliement Créditiste I represent in the house. He has been referring to the 'Six" affair in 1963, in which myself and this party were not involved.

Some hon. Members: Order.

Mr. Caouette: The former leader of the opposition is suggesting that I might have been meeting Mr. Doyle.

Mr. Speaker, as I said earlier, those who are making such insinuations, and the former leader of the opposition has the habit of doing this, are acting in a dishonest way. There was no meeting—

Mr. Speaker: Would the hon. member kindly state his question of privilege?

Mr. Caouette: Mr. Speaker, my question of privilege is this: I want to protest for myself and the group I represent against the accusations the former leader of the opposition brought against my group. Let me say this, on the question of privilege—

Some hon. Members: Order.

Mr. Caouette: —if the former leader of the opposition wants to bring accusations, he should bring them before the committee on privileges and elections; he should act honestly and not in a cowardly way as he did this afternoon in the House of Commons.

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, I should like to state very clearly at the outset that I believe the standing

orders which, for eight days now, have not allowed us to solve a very simple matter, are obsolete and should be changed as soon as possible. For eight days now, the country and the house wonder whether or not the government has the confidence of the house.

This, of course, is not the time—

[*English*]

Mr. Nugent: You have no doubt about whether the government has the confidence of the people.

[*Translation*]

Mr. Trudeau: The question of whether our standing orders which provide an eight-day debate on a parliamentary question, when we live in a century and in an age where decisions must be taken much more rapidly, not only on behalf of the nation but also on behalf of justice—

Mr. Lambert: You are distorting the question.

Mr. Trudeau: —an answer should be found to that question. In short, the question is quite simple. We have to know, Mr. Speaker, if the government should continue to govern or should call an election.

It is a question to which we have the right to get an answer. It is especially a question to which the Canadian people have a right to get an answer.

Two opinions prevail. It is the opinion of the opposition that, last Monday, we lost the confidence of the house. It is our opinion that we did not lose it.

The Leader of the Opposition has quoted authorities. He referred in particular to the 1963 election where the question of confidence had been clearly put, and where the word confidence appeared in the motion introduced at that time and in the proposed amendments. He also quoted from the Canada Year Book.

• (4:40 p.m.)

We have quoted certain authorities to the contrary, not the l'Almanach Beauchemin, but prominent parliamentary authorities.

Whether or not the government is justified, whether or not the opposition is justified to take that position, such is the matter before us and it is quite simple. Now, who must answer that question? Must we seek an answer in the standing orders, the tradition or the constitution?

An hon. Member: The people of Canada.

Mr. Trudeau: Is it in the constitution of the country? Certainly not.

[Mr. Trudeau.]

It has already been established that the constitution only mentions that an election must be held every five years. We are well within that limit.

Is it you, Mr. Speaker, who must decide that quite simple question? The answer, of course, is no. The Speaker is only asked to be the spokesman of the house. When the house speaks out clearly in compliance with standing orders, the Speaker must act as its interpreter. When the rules are challenged, the Speaker must settle the matter. Therefore, it is surely and obviously not up to the Speaker to decide whether or not the government has the confidence of the house, because it would empower him to call an election or not to do so. It is clear, therefore, that the house should not turn to you, Mr. Speaker.

Is it the Leader of the Opposition (Mr. Stanfield) or the Prime Minister (Mr. Pearson) who should answer that question? If the Leader of the Opposition were called upon to answer it, we would certainly be the first to call this a dictatorship. It is not up to a particular man, convinced of the soundness of his opinion, to express the will of the house.

Cromwell has been quoted. That is a rather suspect authority, since he is a man who dissolved parliament several times and finally established a dictatorship. Those are not words which should be put in the mouth of a parliamentarian.

In this respect, I am surprised that the leader of the New Democratic party (Mr. Douglas) should have had so little imagination that he had to repeat the same quotation twice. It seems to me that parliamentary history is rich enough to allow one not to repeat these clichés, particularly when their author is a dictator.

Therefore, it is not up to the Leader of the Opposition nor up to the Prime Minister to answer this question, for this would give them the authority of a dictator. In fact, they would then be able to overrule the house. This would be tantamount to holding parliament in contempt. To force a man to answer this very simple question is, in fact, to put him in a dictatorial position.

I heard the hon. member of Kamloops (Mr. Fulton) say that it is the people. That is exactly what we should ask ourselves. Each time the government loses a vote, should we go to the electorate? That is precisely what some hon. members claim. I tell you that if it were the logic of the rules, if it were in the spirit of the constitution, we would have to call elections all the time and, on the other

hand, the people would be forbidden to elect minority or coalition governments because, in the final analysis, that is the interpretation we would have to give to the rules. The rules must be logical, must make sense. They must look for efficiency.

We find in the past innumerable examples of governments, in general they were minority or coalition governments, sometimes unstable governments, which lost votes in the house. I merely want to recall three examples among the best known.

During the first four sessions of the Canadian parliament, from 1867 to 1871, the government was beaten nine times on votes in the house, sometimes on supply motions or monetary matters. If they had been forced to resign, as the opposition claims, there would have been nine elections in four years.

There is also another example. From 1834 to 1840, in England, the government was defeated 58 times in the House of Commons and 49 times in the House of Lords, so that in four years, there would have been about a hundred elections.

An hon. Member: Silly.

Mr. Trudeau: No, this is not silly, because one has to enter into the spirit of parliamentarism. If the people elect a minority government, as they decided to do in the last five years in Canada, we must interpret legislation so that it makes sense.

On the other hand, it would be senseless to hold dozens of elections in a few months, because here also, this happened in England from January 1924 to August 1924 when ten votes were lost in the House of Commons. Again, that would have meant ten elections in so many months.

I give these examples only to draw the following conclusion: We are here to respect the will of the people, to interpret the general will. If the people elect to the House of Commons members to govern the country, the people do so through a free vote, according to its knowledge. If, instead of electing a majority government, it elects a minority government, well, the people take this chance, and asks the minority government to govern the best it can, and not call elections as soon as it finds that it is in a minority position.

On the other hand, it is astonishing to see how few votes our minority government has lost in five years and how it has succeeded in passing innumerable bills.

Some hon. Members: Oh, oh.

Mr. Trudeau: What do you mean, no? It is true that the government has been in power for five years. It lost the vote on Monday night and what I find astonishing is that all of a sudden, on Monday night, the government is said by some to have lost the confidence of the house. This goes against the logic of the rules of the house.

Mr. Speaker, when there is a difference of opinion on a basic matter—

[*English*]

Mr. Nugent: Mr. Speaker, would the minister accept a question? Would he deny that the Prime Minister has the right, when the government is defeated, to advise His Excellency either to call an election or call on someone else, who the Prime Minister advises would likely enjoy the confidence of parliament, to form a government?

[*Translation*]

Mr. Trudeau: Mr. Speaker, I do not readily see how the question is related to what I was saying, but the answer is no. I do not deny that. Of course, the government was defeated in the house, but has it lost the confidence of the house? Is it thereby forced to resign, to dissolve parliament?

My argument is clear: If the house is denied the right to express its views on a basic difference between the opposition and the government; if, when the question involved is as simple as the one put last Monday evening, do we or do we not have the confidence of the house, the house is deprived of the right to have its say, the whole parliamentary system is being negated. Because this is the law of parliament: When the government and the opposition disagree, as happens day in day out, week in week out, every time a piece of legislation is being considered, after the discussion, the house is called upon to decide on the issue. Such is the parliamentary system, Mr. Speaker.

It is not direct democracy, which is to go to the country to settle every disagreement; it is not to dissolve parliament ten times in six months. Then, indeed, this would be direct democracy.

Every time we disagree—and God knows we often do—we would have to go to the people to find out what they think? Why bother then having a parliamentary democracy, a so-called representative democracy? We are here to represent the people; as we often disagree, Mr. Speaker, we must solve those

disagreements without having a general election each time. A general election is an instrument given to the government to demonstrate that it has control over and the confidence of the houses. Prorogation of parliament, as everyone knows, is an instrument through which the government exercises its authority over the houses. Now, we are doing the opposite: We are not threatening the house with dissolution. We say to the house: We are not going, over your head, to the people, to know what they think—

[*English*]

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, would the minister permit a question?

[*Translation*]

Mr. Trudeau: Mr. Speaker, may I be allowed to conclude my peroration, after which I shall answer questions.

We are not going to the people, over the heads of the parliamentarians, to know what the people think. We are asking the parliamentarians what they think. That is the question of confidence we put last Monday, the question now before the house. That is the question on the order paper, Mr. Speaker.

I am now prepared to hear the question of the hon. member.

• (4:50 p.m.)

[*English*]

Mr. Cameron (Nanaimo-Cowichan-The Islands): My question is this, Mr. Speaker. Can the minister tell us why in the circumstances he has outlined so eloquently the government did not present to this house a simple motion of confidence? What is the explanation for tying it in with the vote last Monday night?

[*Translation*]

Mr. Trudeau: Of course, I can answer that question very easily, Mr. Speaker.

If we had taken the stand to introduce a simple vote of confidence before the house, if we had put on the order paper: This house has confidence in the government, no doubt several members would have refused to vote yea.

[*English*]

Mr. MacInnis (Cape Breton South): Collusion is the answer.

[*Translation*]

Mr. Trudeau: I do not know why they are so surprised. We admitted it right from the beginning.

[Mr. Trudeau.]

Some hon. members have spoken to that effect and I repeat their assertions. They told us that their vote last Monday night was not a non-confidence vote. They said that what they wanted to do that evening was simply to defeat that legislation.

And, on that subject, I refer to the hon. member for Winnipeg North Centre (Mr. Knowles) who stated as can be found on page 132 of the *Debates* of January 31, 1966, that the opposition must have the right to vote against bills to state its opposition to bills or its disagreement with the government, without necessarily expressing a lack of confidence in the government.

Mr. Speaker, I have here the quotation and it might be useful to read it:

[*English*]

—we have the right to vote on issues of substance separate from the question of an election . . . we can vote on the other matter—

The matter of confidence.

—any time the government wishes.

This is exactly what is happening. We are saying that on that Monday certain members of the opposition voted against the bill because they wanted to defeat the bill. What the hon. member for Winnipeg North Centre (Mr. Knowles) says is that if we ask the house to vote on the matter of confidence they will do so but that certainly they do not wish to defeat the government every time they defeat a bill. This is exactly the argument which was put forward, and it is a sensible argument.

Mr. Knowles: May I ask the minister a question? Was I not asking for that position to be stated before the vote was taken, not after the vote had been taken and the government had lost?

Some hon. Members: Hear, hear.

Mr. Trudeau: Mr. Speaker, I submit that this is not the case. These are the rules of parliament. They have been quoted at length by the hon. member and they are quite clear. The difference between the argument put forward by the hon. member and my own position is that the hon. member wishes to be on the side of those who decide if the defeat of a specific bill is the defeat of the government. That is the difference. We say we will decide if the defeat of a specific bill is the defeat of the government.

Some hon. Members: Oh, oh.

Mr. Hees: We want to decide.

Mr. Speaker: Order, please.

Mr. Muir (Cape Breton North and Victoria): The government is on the road to dictatorship.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Will the minister permit a question?

Mr. Howard: You have embarrassed him enough already.

Mr. Speaker: Order, please.

[*Translation*]

Mr. Trudeau: Mr. Speaker, when people yell like animals, one cannot hear very well the questions asked. If somebody wants to ask me questions, I will answer them, but to bawl like a herd will not do very much for the decision.

The questions are not quite pertinent, if you want—

[*English*]

Some hon. Members: Just try it.

Mr. Speaker: Order, please.

[*Translation*]

Mr. Trudeau: I would like to carry on my little speech, and then if we have time, I shall be very pleased to answer questions.

I shall try to bring my demonstration to an end. When we refuse the house authority to settle basic differences of opinion which have arisen between the two main parties, we are denying parliamentarism, because this is the basic principle of parliamentarism, Mr. Speaker.

I am not saying that we are right, neither am I saying that you are wrong. I am simply saying that a difference of opinion has arisen between us, but that we cannot go to the people of Canada each and every time this happens.

Some hon. Members: Hear, hear.

Mr. Trudeau: Furthermore, Mr. Speaker, I believe I am now sufficiently acquainted with the mentality of the house to know that, should we have said last Monday that this party had lost the confidence of the house and therefore asked for a general election, we would have heard strong protests from the opposition benches. They would have said: So, this government is plunging the country into an election which the people do not want at this time, or: So, this government is calling an election because it has been defeated on a mere technical matter. They would have demonstrated that the defeat of Monday night, last week, was purely on a technical matter.

I will not quote again at great length all the authorities. I will quote them nevertheless as a reminder, since the hon. members do not seem to recall them.

Beauchesne says that when—

[*English*]

The question for the third reading may be negatived, but as previously stated such a vote is not fatal to the bill.

[*Translation*]

This was citation 418.

Bourinot, in its third edition, page 648, has this to say:

[*English*]

If a resolution adverse to the bill be resolved in the affirmative; or the motion, "that the bill be now read a second time" be simply negatived on a division—

[*Translation*]

That is what happened: it is on third reading that the vote was negatived.

[*English*]

—the measure will disappear from the order book, but it may be revived at any subsequent time, as the house has only decided that it should not then be read a second time, and the order previously made for the second reading remains good.

Mr. Alkenbrack: It was third reading.

Mr. Trudeau: Let me continue reading from Bourinot:

The same practice obtains with respect to the bill, at any previous or succeeding stage.

Some hon. Members: Hear, hear.

Mr. Trudeau: Now I should like to quote Erskine May, another great authority, page 571 of the seventeenth edition. The same thing is said whether you look at Bourinot, Beauchesne or Erskine May. It reads as follows:

If the question "That the bill be now read the third time" is negatived, such a vote is not necessarily fatal to the further progress of the bill. The more usual method of objection is therefore to move an amendment, putting off the third reading for three (six) months, or a "reasoned" amendment against the bill being now read the third time. The carrying of the former amendment is tantamount to the rejection of the bill, while, in the event of a "reasoned" amendment being accepted, it is unlikely that any further progress would be made with the bill.

I do not have the Canada Year Book here but, as I say, this is a technical matter. If we

had dissolved the house and had called a general election there would have been incredible outcries that the government was beaten on a technicality and was pushing the country into a general election.

• (5:00 p.m.)

An hon. Member: It is not a technicality.

Mr. Trudeau: The point I am making now, Mr. Speaker, is that we are not trying, as we could under the rules, to revive the bill and put it back on the order paper.

Some hon. Members: Try it.

Mr. Trudeau: Hon. members say, "Try it". It is easy to defy us because we say we would not do so.

[*Translation*]

I will even go further, and I will say that it is not only the government's intention not to reintroduce this legislation, but that it is firmly determined to credit the taxpayers with the money they have paid under the bill.

Some hon. Members: Hear, hear.

Mr. Trudeau: The government recognizes that it is the will of this house not to collect taxes that way. Therefore, it is saying clearly and plainly to the taxpayers: The money you paid legally under this legislation, that money will be credited to you. It cannot be clearer than that.

[*English*]

Mr. Harkness: If you admit that this is the case, why did you call your defeat a technicality, as you did a few minutes ago?

[*Translation*]

Mr. Trudeau: Mr. Speaker, what I am trying to explain just now is that it is not our intention to bring that bill back. That is the power of choice. The government, as long as it is the government, has the power of choice as to the way it governs—

[*English*]

Mr. Coates: Answer the question.

[*Translation*]

Mr. Trudeau: I am answering the question. We are masters of the house in the sense that we have to conduct the affairs of government. That is what it means to assume the power. We are—

Some hon. Members: Oh, oh.

[Mr. Trudeau.]

Mr. Trudeau: The hon. members do not agree. Mr. Speaker, for eight days, we have been begging them to show their disagreement by a non-confidence vote.

We find it ridiculous, Mr. Speaker, that for eight days, the opposition which claims that we do not have the confidence of the house, refuses to express its non-confidence. We say: Give us the chance to end the debate; let us try and see whether or not we have this confidence. If you vote against the government, without any hesitation, we will resign.

But that, once again, is a very simple question, Mr. Speaker.

[*English*]

An hon. Member: Your time has expired.

[*Translation*]

Mr. Trudeau: How much time do I have left, Mr. Speaker?

[*English*]

Mr. Nugent: May I ask the question now, please? The question is simple.

Mr. Speaker: Order, please. The minister still has the floor.

Mr. Trudeau: If I have time left I will take all the questions. However, I have been challenged by many hon. members who have said: Let the Minister of Justice, with his great wisdom, speak on this question. There has been a great deal of irony about what I think. Well, listen to what I think.

[*Translation*]

Mr. Speaker, the argument I want to put forward is that the people have a right to know whether or not the government has the confidence of the house. The people have a right to know whether or not this government controls the business of the nation, and since the people have a right to know, we on our part have an obligation to have the matter settled by the house. We have a moral obligation to ask this question, in order that the people may know what is what.

I am surprised at what this new theologian is saying: there was one in the past who was More, and now we have saint Thomas Douglas.

According to him, the moral obligation of placing this matter before the house does not exist. He says that we have a political obligation, a constitutional duty to do, but no moral right.

[*English*]

If there is reason to doubt that the house really wished to defeat the government—we may be wrong and this is what we have to decide—and render it powerless to conduct the nation's business, then I suggest the government has not only the constitutional right but the constitutional duty to have the house express its will in a clear and unequivocal way. The leader of the New Democratic party recognized the constitutional right of the government to ask the house for a vote of confidence last Wednesday. However, he said the government had no moral right to ask the house for a vote of confidence. I must take issue with that because I am unable to disassociate political morality from political duty. I think it is the duty of the government, and it has a duty to the people, to have this question clarified. This is what we are doing and this is what we are asking the house for now, to speak quite clearly on this issue. We hope that will be done very soon.

[*Translation*]

Many other authorities have given their opinion on this subject, Mr. Speaker. Every time there is a disagreement between the opposition and the government, the house is called upon to settle the matter, and that is what we are asking it to do as quickly as possible, because the arguments being repeated *ad nauseam* are not all very new.

I think all the members in this house have their opinion as to whether the government should consider the vote which took place on Monday evening as a defeat of the government or a defeat of a piece of legislation. However, I think their mind is made up. This is not the time to repeat endless arguments, but to make a decision.

As for me, Mr. Speaker, I think that those who are refusing the dialogue, those who refuse to take part in the debate and who do not want it to be settled by a vote are suspect. They are people who do not accept a rational and controlled settlement of a question on which we are divided, and that must be a fundamental rule in any parliament.

The basic rule when there is disagreement between the opposition and the government is that the matter must be settled in a rational and controlled way.

This is what we attempted to do when we put the motion now under discussion. I think that I can summarize that in few words.

[*English*]

It is not for the opposition to dictate to the government, nor is it right that the government should dictate to the opposition. The issue is placed before the House of Commons and the house itself decides the question either for or against the government. If all parties or members of the house deny the right of the house to decide the point in issue they are really attacking or destroying the fundamental framework within which the institution must necessarily operate. The debate, Mr. Speaker, is intended not only for the enlightenment and persuasion of members of the house but for the information of the public at large. The person who refuses to debate and have a matter settled by vote demonstrates in the end that he does not have confidence in the House of Commons. Perhaps his case is so weak he knows it cannot be debated and he cannot accept a rational or controlled solution. But that, Mr. Speaker, is what the people of this country want and what they need. They want this debate to come to an end. They want the House of Commons to make up its mind whether or not it has confidence in the government. The way to decide this is by a vote, Mr. Speaker.

Mr. Speaker: The hon. member for Edmonton-Strathcona wishes to ask a question.

Mr. Nugent: The minister said he would take questions. I wonder whether I understood him correctly that the government stand is there is no question of confidence inherent in an important government bill but that a question of confidence only arises when the government is defeated on such a bill?

• (5:10 p.m.)

Mr. Trudeau: No, Mr. Speaker. I said that it is for the government to decide whether it shall consider a vote to be a vote of confidence or not.

Mr. Nugent: Before or after the vote?

Mr. Trudeau: Before or after the vote. If a government decides that such and such an issue, which may be a minor technicality—

Mr. Nugent: I am talking about an important money bill.

Mr. Trudeau: Let me answer the question. If the government states that a very minor technical issue is considered a vote of confidence—

An hon. Member: Stupid.

Mr. Trudeau: It may be stupid but it is the opinion of Dicey, it is the opinion of Jennings and it is the opinion of Todd. However, if hon. members want to continue the debate and I have more time, I can expand on this.

Some hon. Members: Continue.

Mr. Speaker: Order, please. I wonder whether we should not try to bring some order to the debate. I notice a number of other hon. members want to ask questions. The minister has concluded his speech but hon. members might wish to proceed for a few more minutes to allow some questions.

Mr. Baldwin: Mr. Speaker, I was very interested in the minister's statement and I should like to ask this question which bears upon this particular issue. I believe there are 16 items now on the order paper. For the guidance of members of the house would the minister indicate whether or not a vote on any one of those items, particularly on Bill No. C-195 to amend the Criminal Code, would be construed by the government to be a vote of confidence?

Mr. Trudeau: I think this question can be answered, Mr. Speaker, though not by me; I am not the government. However, I think it conceivable that the government could say that all bills on the order paper except this one or that one, or all bills without exception, will involve questions of confidence, that if the government is beaten on any one it will consider it a defeat. It could also say that if it was beaten on a mere technicality during debate on any bill it would go to the people.

An hon. Member: But before the defeat, not after.

Mr. Trudeau: It could be both before and after.

Some hon. Members: Oh, oh.

Mr. Trudeau: If the house did not agree with the interpretation that the government put on a bill it could always refuse to grant supply to the government. It could refuse to give the government money to continue.

Mr. Speaker: The hon. member for Winnipeg North Centre.

[*Translation*]

Mr. Grégoire: Mr. Speaker—

[Mr. Trudeau.]

[*English*]

Mr. Speaker: Order. Perhaps the house could permit the hon. member for Lapointe to ask one last question.

Some hon. Members: No.

Mr. Speaker: The minister still has the floor. Is he prepared to answer a further question?

Mr. Trudeau: Yes, Mr. Speaker.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would like to ask the minister a question dealing with the income tax and the vote on Bill No. C-193.

Can he tell us, on behalf of the government—whatever the outcome of the vote of confidence—if the government considers that Monday night's vote is final and will not increase the income tax?

Mr. Trudeau: I repeated earlier what the Prime Minister had said previously, namely that the bill had been defeated, that we accepted that decision and would not bring it back before the house.

We even stated earlier that the government saw as a credit the payments made under that bill. The conclusion is therefore very simple.

Mr. Grégoire: May I put a supplementary question?

[*English*]

Mr. Speaker: Order, please.

[*Translation*]

Mr. Grégoire: Can the minister tell us whether—

Mr. Speaker: Order, please.

[*English*]

Order, please. The ministers' time has expired. When I recognized the hon. member for Winnipeg North Centre a moment ago I thought he was rising for the purpose of asking the minister a question. If that was not so I should like at this moment to see the hon. member for Qu'Appelle.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, this afternoon the house witnessed one of the greatest events in its history, namely, the speech of the right hon. member for Prince Albert (Mr. Diefenbaker). First of all I am going to deal with the remarks of the Minister of Justice (Mr. Trudeau) and I will

do so in two simple statements. What we have heard this afternoon is a doctrine that has no place in a parliamentary system embodying belief in the responsibility of the executive to the elected representatives of the people.

Some hon. Members: Hear, hear.

Mr. Hamilton: The doctrine we have heard today is nothing less than asking the house to adopt the congressional system followed in Washington.

Second, Mr. Speaker, the minister has enunciated a philosophy that would have done justice to Cromwell the dictator when the minister said, "We are the masters". I hope that all Liberal members who were sitting in the house this afternoon and watching this demonstration will have been given sufficient indication how to pick their new leader. If they pick the new Minister of Justice as their leader they will pick a real patrician. He knows who the peasants are.

The Minister of Justice has challenged us on three issues. He raised the question of the position of a minority government. He raised the question of the system of responsible government. He raised the question of what is and what is not a vital issue.

I intend to commence my remarks by stating flatly that there is not one single authority in the written word that holds that when a government is defeated on a money bill it has the right to take a vote of confidence. I am familiar with the precedents of 1867-73 established in Canada. Only one of those precedents related in any way to money and it was an item dealing with a customs bill. I am also aware of the precedents in the British house from 1846 to 1886, and never once in all the times that a British government was defeated on a money bill did it fail to go to the Queen. The budget debates of 1852 and 1855 make that clear beyond doubt.

This brings me, Mr. Speaker, to my own thoughts on the subject we are now debating. This government stands condemned before the people of Canada of betraying precedents that have been built up over 700 years and relate to the people and those who govern them. There is no stronger foundation in that structure than the principle that declares that the people have the right to control the money that is taken from them. This principle goes back to Magna Carta. It has been laid down in our parliamentry structure and has evolved over the centuries to the present day in the Canadian House of Commons. It is this doctrine that has restrained the pressure applied by those who want to seize power.

This does not mean that efforts have not been made during our constitutional history to take over control of the purse. In Canada we use the word "royalty" when we assess mining, oil or gas taxes, and it emanates from the period when the crown took away from parliament the right to control both incoming and outgoing revenue. Those kings, Mr. Speaker, paid a heavy price for tramping on the rights of the people. Likewise, in the days of Oliver Cromwell there was a period of dictatorship as opposed to parliamentary rule. We must never forget these things.

• (5:20 p.m.)

I well recall how in the early days of the war, in military camps all over the world, young men were asking, "Why are we fighting?" The government of Canada put out a book listing four reasons why we should fight to the death to make sure that Hitler's armies did not control the world. Read that book. It said that young men should fight because we have a system of government whose members are responsible to the people. The hon. member for Winnipeg South Centre (Mr. Churchill) stood in his place today and tried to shock this house and this country into a realization of what has happened here since last Monday. We have seen here a travesty of the rights of free men, a most shocking thing to happen under a government that calls itself Liberal. Never again will the word "Liberal" mean to Canadians what it has meant and never again will it be uttered with honour.

This matter resolves itself into two or three simple questions. As I said in opening, there is not a single written authority to say that where an important money bill has been defeated the Prime Minister has not gone to the country, to the Governor General or to the crown, as the case may be. There are hundreds of precedents to show that when a minor bill has been defeated a minority government has not always gone to the country. It is on those limited exceptions that the government rests its case.

Let us look at the precedents. One finds that, for the sake of stability, a minority government which is defeated on a minor bill does not always consider that defeat a matter of confidence because, as the Minister of Justice said, such governments would be going to the country every time there was a defeat. But, Mr. Speaker, the right to follow such a

precedent must be claimed by the Prime Minister in advance. There are many examples of an English prime minister saying at the beginning of a session that certain items are minor and a vote against the government in regard to them will not be a vote of confidence, and other areas are staked out as major, and the vote in regard to them will be considered a vote of confidence.

I am addressing all those seats on the government side of the house.

An hon. Member: They are empty now.

Mr. Hamilton: I put it to individual members on the government side that their honour is at stake. Is this minority government going to claim the rights of a minority government after the fact of a defeat? I maintain that you have no right to sit there now that you have been defeated on a major bill. It was a tax bill and important to the government's budget. I ask, by what right, in pure logic and pure justice, can the government continue to sit with honour?

I shall now cite an authority higher than any that have been cited in this debate so far. I cite the authority of a man who has done more to wreck this country, to wreck national unity and to wreck parliament than any single man in our history. I refer to the man who, basically, is the cause of this mess, a man who has no strength of will and who has destroyed his ministers right and left instead of taking the blame when anything goes wrong. I shall now quote the words of the man who holds the office of Prime Minister.

On April 23, 1963, just after the election, he appeared on national television, the media of medias where truth is evident in the face of a speaker. These are the Prime Minister's words when waiving his right to the protection that a minority government must sometimes seek:

> My government is just short of a clear majority. I do not complain about that. It is my resolve not to allow the lack of such a clear majority to influence the government in any way that will weaken its action for you. We will not be seeking to evade any issues, to avoid any votes in parliament. We will not be seeking any special deals. We will breech no trust, barter no principles.

An hon. Member: Better listen, Trudeau.

Mr. Hamilton: These words are from the official communiqué of the broadcast script for April 23, 1963. If that newly elected Prime Minister had not been so cocky, so arrogant, so stupid, he could have asked the Canadian people to bear with him so that if he were defeated on minor matters—that is one of the hazards of a minority government—he would not have to go to the country.

I have read the Prime Minister's statement on April 23, 1963. In it he outlined his minority government's position. But now he asks us to treat him as a minority government Prime Minister and to absolve him from his waiving of his rights. When he returned from Jamaica he was petulant and angry and he put on an awful display on television in blaming his whip and so on. In the house he blamed the hon. member for Winnipeg North Centre (Mr. Knowles) and he waved his finger at the hon. member for Parry Sound-Muskoka (Mr. Aiken) for leading him astray in his thinking. He blamed everybody but himself. When that petulance was over he got the Minister of Justice (Mr. Trudeau) to stand up in the house and say, "But this was a minor, technical matter of a 5 per cent surtax." It was on top of last year's tax increase.

On top of that the Prime Minister says, "We are going to get this money somehow." The Minister of Finance also says, "We are going to get that money." Somebody went to the Créditistes and told them that if they voted confidence the tax would not be reimposed. I say to them: Whom are you going to believe? Are you going to believe what you have been told or what you have heard in this house? Are you going to believe what has been put out on television, radio and in the newspapers, that the Minister of Finance intends in some way to get that tax and a lot more from you? Any Créditiste and any other member who votes confidence in this government will not only lose his honour but will be voting for additional taxes as soon as this government can find a way of bringing them in. Never forget that.

It has been said that societies in the western world can only be ruled by precedents or by military might. This afternoon the Minister of Justice refused to accept precedents that say that defeat on major money bills brings down governments. Instead he gave us a snivelling little argument, which was pure sophistry, that the vote was a minor, technical matter involving third reading. There was nothing to it. If the Liberal party at its convention next April has the attitude of the Minister of Justice, God help Canada.

We live in a day when government is mixed up with business to a tremendous extent. Parliament must consider adopting modern practices. The hon. members for Parry Sound-Muskoka and Winnipeg North

Centre and others in this house have pondered how, with a minority government and even with a majority government, we can modernize the parliamentary institution, how we can maintain traditional freedoms but yet deal more rapidly with important business. In our corporate society surely new approaches can be adopted.

• (5:30 p.m.)

Surely there could be a tremendous improvement in the way in which we handle bills. Surely there could be staked out in our rules, written or unwritten, certain areas which concern the conscience or the religious beliefs of hon. members, and measures affecting them could be dealt with in the same way as the house dealt with the capital punishment bill two years ago, letting each man vote according to his conscience. This would not interfere with cabinet responsibility. Surely the Minister of Justice, who is bringing in amendments to the law dealing with such subjects close to his heart as abortion, the carrying of firearms and homosexuality, would be willing to have the house deal with them on the basis of individual conscience and religious belief. These are matters in connection with which we could make adjustments. But I cannot accept the statement that no matter how many times a bill is defeated the government may decide to call for a vote of confidence to see whether it will continue or not. This is a doctrine foreign to everything for which we stand.

My leader has said we must go to the country and let the people resolve this question. I recall the events of 1955 when the opposition was contesting the Emergency Powers Act under which the government was given unlimited power for an unlimited period of time. Eventually, under strong opposition pressure, the government sent Mr. C. D. Howe away on holiday and when that great tycoon had gone they changed the act so that they would have those powers for only three years instead of for an indefinite period.

The pipe line debate has been mentioned. When hon. members are considering how they will vote let them also keep in mind that in November, 1966 their government struck a blow at the foundations of parliament. On that occasion members of parliament believed that the way in which they could bring the government to heel was to talk on interim supply and force it to take action. It has always been traditional that every month or two months members of parliament have the chance to make the executive realize who is boss when it comes to money.

In November, 1966, members opposite, seeing the Conservative party engaged in a bloodletting operation in a hotel nearby, stood up and contemptuously announced: You can talk all you like on interim supply; we have stashed away so much money in accounts here and there that you really have no control over us. Yet they pretend they would not take advantage of a party at a time when it was obliged to take certain decisions. Nevertheless they struck a severe blow at parliament at a time when Her Majesty's loyal opposition was in turmoil and distress. They destroyed a great deal of the freedom of parliament on that occasion.

Today these same people are trying to tell us that a defeat in the house on a major money bill is only a minor and technical matter. Whoever makes such a statement can only be a man who sees everything in black and white, a man who sees everything as being either true or false, a man who does not want the protection of 700 years of evolution in our parliamentary institutions, a man who tells us: I see it this way; you see it that way; you must decide.

I suggest that those who are old enough to do so let their minds go back to the sounds we heard in the thirties emanating from Italy and Germany. I cannot speak Italian or German but I did not need to understand what those men were saying. They were saying: Decide. There were men in the western world who recommended compromise. But eventually we had to ask our young men to decide the issue, and the government had to put out a pamphlet explaining to them why they were away from home and asking them to fight on. Some people may not recall that in those early days of 1940 and 1941 things looked pretty bad, and when we ask men to fight a long way from home they have to believe in something. The only thing many of us could tell them was that here in Canada we had a system of government whereby the people controlled the executive. Those in our forces who served under United States generals were proud that we had a system superior to that of the Americans. Our system put the head of state above party considerations. Under our system the executive had to sit every day in the House of Commons to be questioned and criticized. Under our system the executive fell if it failed to command a majority on every government bill and money measure.

Many a young man lies buried abroad today because he believed that doctrine. It was not much to hold on to but it was better than having somebody else behind him with superior intelligence and superior force, telling him what to do. He was prepared to go along with the stupid inefficiency of democratic government as long as he had the right to mark an X once in a while on a ballot paper to get rid of a government he did not like. But he expects his representatives in parliament to stand up and fight for the principles upon which democracy is founded. When people count the house and tell us it is all a question of numbers I want them to think of all those poor dupes who were sent to the blood baths of 1916 and 1917 in Europe and of all those lads who were sent to so many parts of the world in 1939 to fight for those principles and who did not come back. As for those of us who did return, let me say we understand completely the significance of the statement made today by the hon. member for Winnipeg South Centre (Mr. Churchill). I hope there is no one on either side of the house who fails to recognize what he was trying to tell us in his statement today. I, for one, am willing to debate this subject with all the limited intelligence I have.

I say the government has waived its right to be regarded as a minority government. It has rejected ideas advanced in this parliament for the reform of the institution and the widening of the areas in which the issue of confidence is not involved. Now it is hanging on to power, acting like a crybaby. I well remember the events of last Monday. On seeing those faces across the way my thoughts went back to February 5, 1963. At least when we went down we went down fighting and willing to go to the people. And our tiger at least had the courage to go to the Governor General and lay it on the line that he was resigning.

• (5:40 p.m.)

Now this rabbit government, this crybaby government says, "Give us a second chance." I can just imagine young Miss Nancy Greene, when she came tenth in the downhill, kicking herself all over the place and saying, "If I could only do it again I could win." She knew she could have won. Did she go to Mr. Brundage and say, "I want a new trial"? No, she took it on the chin and tried harder in later events.

As I sat and watched those faces opposite the other night I suddenly got an answer to a question asked on television that has been bugging me for months. The question asked on television is, what is whiter than white? Now I know. It is a Liberal cabinet minister's face when he realizes he has lost a vote of confidence.

The other day in the house the Leader of the Opposition (Mr. Stanfield) spoke very quietly, with all the quiet contempt that a man of his background and stature has for the type of things he has had to endure from the opposite side since he came into this house, and he simply posed this question:

> Mr. Speaker, if any member on that front bench, including the Prime Minister, had been asked before that vote was taken whether or not it was a vote of confidence, every one of those hon. gentlemen would have said without any hesitation, "Certainly it is."

The case that the Minister of Justice made today was pure unadulterated sophistry mixed with a concept of *mea non culpa*. All I could think was that he should be running for the job of Pope, not prime minister, because a prime minister does not have to be infallible; he can make mistakes.

My goodness, Mr. Speaker, just read what the press has been saying in the last week about the significance of this precedent. From yesterday's *Gazette* I read part of an editorial:

> This precedent could have various effects upon parliament's future. For one thing, it could induce a new carelessness in governments. Hitherto, the possibility of defeat in the house on a bill of great importance has always been an exceedingly serious matter. It has lent a concentration and meaning to the debates and to the votes taken in the house. This, in turn, has given the proceedings of the house that grave and disciplined character that they ought to have on all critical occasions.
>
> All this, now, could be changed. It would no longer be vital if a government were defeated. It can always do the thing over again, in the same way that a movie director can cut a length of film and consign it to the studio floor and call back the actors for a retake.
>
> The debates on a bill, the serious arguments advanced, the dramatic meaning of the final division of the house in the vote—all these things will take on far less significance.

In the quiet, restrained voice of the dear, sweet lady known as the Montreal *Gazette* we have the significance of what this precedent will mean—the house has no more purpose.

I want to raise a matter now which I have touched on before. I have suggested that the remarks of the Minister of Justice support a suspicion I have held for some time, that many people in Canada think that the purest form of freedom is found in the form of government adopted by our friendly neighbour to the south, the United States. I have seen this

view expressed so many times over the last 30 or 40 years in history books, articles and so on. They have a written bill of rights. It is all so precise. All I want to say is that when I heard the statement by the Minister of Justice today I thought, here it is coming out in the pure, unadulterated form.

The difference between our system of government and theirs is very well known. They separate the powers. They separate the executive from the legislature and the legislature from the judiciary. They use the judiciary to decide on matters of individual rights and on whether a law is ultra vires or not. They do not trust the people under their constitution. Therefore they divide the powers with checks and balances.

Our system is absolutely different. We trust our people and believe that given the truth they will make a decision that will eventually be carried out by the executive. That type of trust can only work if there are gentlemen in this house who understand the principle that the rules are there for everyone to follow. Our system of responsibility is such that when a prime minister does not know when he has been defeated on a major issue he does not know what every schoolboy knows, what every civil servant knows, what every newspaper editor knows, and I say that that man should not be prime minister.

I am simply saying that it is not only the resolutions of the Young Liberals in Montreal and in Toronto, adopted by sundry people in this house on the other side, saying that we should have a republican form of government that disturb me. When I hear a responsible minister hold forth with a philosophy that the government can be defeated as many times as it likes as long as it comes back with a vote of confidence and wins it, that disturbs me because in effect that is a congressional form of government. It is not even honest republicanism.

Under the American system, if you are a Democrat you can vote any way you like. You can condemn the president, you can impeach the president, and it does not matter; it does not defeat the government. They can have a glorious holiday all the time chewing up their head of state. We have avoided this by putting our head of state above that and at the present time that head is our Queen. But we do give battle for the right to advise the representative of the Queen in the person of the prime minister. Our system of responsibility is taught in the public schools, in the high schools and in the universities. Do not blame that poor Canada Year Book for repeating what everyone has been taught since he was in the cradle.

I have spoken about this principle in relation to the Defence Production Act, the pipe line debate, on interim supply and now on this motion. I therefore say that if the Prime Minister had done what he should have done when he came back last Tuesday he would have called his ministers together and at least asked for the resignation of the Minister of Finance (Mr. Sharp) as a very minimum. I believe he should have asked all candidates running for the Liberal leadership to resign and appointed acting ministers in their place. Surely we have no right to interfere with the right of a Liberal leadership candidate to put his best foot forward so that the Liberal delegates from all across the country can pick the best man. He is going to be our prime minister. Yet we force those candidates to sit in this house, to restrain their utterances across the country and try to run both shows at the same time.

The third thing the Prime Minister should have done was consult with the Leader of the Opposition. I think the Leader of the Opposition has made it clear that he has a sense of responsibility. He knows that we have to get interim supply through, he knows we have to get the supplementary estimates through, he knows we have to ratify the GATT agreements before July 1 or they go down the drain. I think he would have made arrangements to carry on the routine business of the government, get these things done, get these Liberal candidates out in the field, and then we could stay until routine business was finished. There were many things that could have been done by the Prime Minister which would have demonstrated that he had the quality of leadership and that as he was about to leave the political scene he was trying to do the right thing. Now he retires, not just pathetic as he was but shabby. This is the reason I ask every person in this house who has any awareness of what we went through to realize that when he stands up and votes he will be voting on something which affects not only his honour but also this institution and the people of Canada.

• (5:50 p.m.)

This motion not only is an attack on the parliament of Canada and the people but also on the very principle of how men deal with each other. I should like to remind the Créditistes and any others who think they will not have to vote on the tax increase again that it

will be brought in in some form. If you want to vote for more taxes just vote confidence in this government and you will have them. They are going to tell you what to do once they have control.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when I came into the house this afternoon it was my intention to seek the floor to take part in this debate. I think you will understand what I mean when I say that in the light of the debate of yesterday I was in a certain frame of mind; that is, I did not intend to be too argumentative nor was I anxious to be provocative. I must confess that the speech made by the Minister of Justice (Mr. Trudeau) this afternoon has slightly altered my frame of mind.

Some hon. Members: Hear, hear.

Mr. Knowles: I shall try to return to the things I had intended to say after I deal with him. The Minister of Justice, like the Prime Minister (Mr. Pearson) the other day, has quoted from proposals I made in this house supported by my leader, the hon. member for Burnaby-Coquitlam (Mr. Douglas), by the hon. member for Greenwood (Mr. Brewin), and by other members of this party back in January, 1966. Both the Prime Minister and the Minister of Justice have suggested that the course of procedure they are now following was actually proposed in the suggestions we made.

I take full responsibility for the proposals I made on that occasion and I shall have something to say about them in the course of my remarks. I object very strongly, however, to the Minister of Justice twisting what I said as he did this afternoon. When he was twisting my words I gave him the opportunity to get back on the rails by asking him a question. My question was as simple as I could make it. I asked him whether it was not a fact that my proposal for a vote of confidence after there had been a defeat of the government on a matter of substance was that it take place only when the decision had been announced before the vote rather than after the government had been beaten. What reply did the Minister of Justice give? Did he answer my question? Not a bit. He replied to the effect that I was asking that the opposition rather than the government have the right to decide what is a matter of confidence. If that is an answer to a question, then I do not understand any language at all. In other words, when he could not answer the question he attempted to shift the ground.

[Mr. Hamilton.]

The fact is that in the proposal I made in January, 1966 and in the proposal we still make we do not ask that the opposition have the right to say what issue is one of confidence and what issue is not one of confidence. I am prepared to let it be the government which says whether or not the issue is one of confidence. But I do say that the government must make that decision and must make that announcement before the vote and not after.

Some hon. Members: Hear, hear.

Mr. Knowles: That was one of the basic elements in the proposal we in this part of the house made in January, 1966. That is the main element in our proposal which the government is ignoring in the position it is now taking. It is very clear that what happened is that the government has lost a measure, that is, it has lost a vote under all the rules that apply in this house. But having been beaten the government wants to change the rules in order to try to find some way to win back what it lost.

Some hon. Members: Hear, hear.

Mr. Knowles: They desire to change the rule after the event, after the defeat. It is similar to a situation where on the football field the government's team failed to catch a forward pass because their man was not in the right place and they then asked for the rules to be changed and for the play to be executed over again so that their man could get there to catch the ball.

In another part of his speech this afternoon the Minister of Justice said a great deal about the fact that the government will not reintroduce Bill No. C-193. I am glad those words are on the record. They will be there if needed in any future circumstance. It is interesting to compare these words with the statement made by the Minister of Finance on television last Sunday night when he said that a taxation measure something like it would be introduced within three or four days. His time is running out. He had better hurry.

The same Minister of Justice who stood up here and solemnly told us that no attempt will be made to reintroduce Bill No. C-193 went out of his way to try to prove to us that there are citations which support his position that defeat on third reading is not necessarily fatal, that Bill C-193 could be brought back. May I suggest to the Minister of Justice that before he relies on the citations in Beauchesne he should read them carefully, find out where they came from and determine the

rulings on which they are based. When he does this I believe he will find that in a good many cases these rulings do not mean quite what they say. I suggest there is nothing to support the contention of the Minister of Justice that there is a right to reintroduce a bill defeated either on second or third reading.

In any event may I call to the attention of the minister the fact that these citations concerning third reading were written in a day when we had two separate motions at that stage. One was a motion that the bill be now read a third time. After that motion had passed, with or without debate, a further question was put in these words: That the bill do now pass and that the title be as on the order paper. After the session of 1956, a session of vivid memory to many of us, that procedure was changed. We no longer have two separate motions, one for third reading and one that the bill do now pass. We now have one motion. The motion we now use is the one in the name of the Minister of Finance which appears at page 702 of *Votes and Proceedings* for February 19, 1968, in the following words:

Whereupon Mr. Sharp, seconded by Mr. Benson moved,—That the said bill be now read a third time and do pass.

The citations that might have applied when the motion was only for third reading no longer apply when it is a motion that the bill be read a third time and do pass. What was defeated by a vote of 84 to 82 on Monday, February 19, was not just a motion for the then third reading of the bill. It was not just a technical proposition; it was the ultimate final decision of this house that Bill No. C-193 pass and the house voted it down. I suggest, in any man's language and in terms of the ordinary rules of fair play, that the bill was beaten, and that is that. May I call it six o'clock, Mr. Speaker.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Knowles: Mr. Speaker, in the few minutes that I had before six o'clock I dealt with some of the observations the Minister of Justice had made in his speech this afternoon. I pointed out in particular that he, like the Prime Minister, had twisted the proposal that we made in January, 1966, to try to find in it some basis for the course of action the government is now pursuing. I also pointed out that the Minister of Justice, like other hon. members on that side of the house, tried to allege that the third reading vote taken on Monday night, February 19, was not really as important as we all know it was.

I should like now to turn to the thoughts that I had in mind before the provocative experience of listening to the Minister of Justice this afternoon. Like my colleagues of the New Democratic party, I am opposed to the motion that is now before the house and I shall be voting against it, both because of the immediate effect that would flow from its being passed and because of my deep concern for the long run effect of the passing of this motion.

I want to devote as much as possible of my time to my concern about the long run effect of the passing of the motion, and therefore I shall be brief in my reference to the immediate situation. In my mind there is no question but that the result of an affirmative vote for this motion now before the house will be an imposition of taxes on the Canadian people similar to the taxes that were defeated on Monday night, February 19.

We were against that surtax then; we are against it now. We had no confidence then in the government that brought in that tax measure; we have no confidence in it now. What concerns us is our conviction that there is more to this motion than just an expression of confidence. It will be treated as a blank cheque which the government will use to try to bring back taxes like those that were defeated. The Minister of Finance (Mr. Sharp) made that very clear in his appearance on television on Sunday night, as well as on several other occasions.

Others have said this today, and my leader and deputy leader have said it clearly in the statements they have made in this debate, so I do not need to go into it at any further length. The immediate effect of the passing of this motion will be such that I feel everyone who is concerned about the well-being of our people and about our economy should vote against the motion and against the kind of taxation that will come if it is passed.

I said, however, Mr. Speaker, that I am even more concerned about the long run, the long range effect of this motion; in fact, an effect which I think we are creating whether we pass the motion or not. I am not one of those who think that it was out of order for the government to propose this motion. I think it was legally and constitutionally correct, and I think that Your Honour was quite

right in allowing the motion to be put and to be debated in the house. But I ask that we face this fact, that in debating this motion, and certainly if the house passes it, we will be doing something very serious; we will be, in effect, amending the constitution of Canada.

I know that for the most part people think the constitution of Canada is the British North America Act, and that is all there is to it. When there is talk about amending the constitution most people think that means amending, revising or rewriting the British North America Act. But some people know there is more to the constitution of Canada than the British North America Act and I suggest that so far as the constitution of this parliament is concerned, so far as the operation of this institution goes, we are practically without a written constitution. We make our own constitution by the things that we do over the years.

I ask hon. members to read the British North America Act again, to read it carefully and closely and try to count the number of things you can find in it that control this parliament. There is very, very little. Oh, there is a provision which says we cannot last for more than five years without an election; but we amended that in world war I. There is a provision that says we must have a redistribution every ten years, we amended that provision during world war II. There was a provision initially about the number of members for each province, about the basis of distribution, we have amended that several times. And so it goes, Mr. Speaker.

There are two or three things we have not altered. For example, there is a clear provision that we must have a Speaker, and there are some pretty strong implications about his authority. There is a clear statement that decisions made in this house shall be made on the basis of a majority vote. But there is nothing in that constitution, in the British North America Act, about our rules. There is nothing that says we must give bills first, second and third readings. There is nothing that says anything about the length of time to be spent in debate or about the kind of debates we are to have. There is a reference to money matters, that anything involving the expenditure of money must be preceded by a resolution from the Governor General—

Mr. Nielsen: Or taxation.

Mr. Knowles: —but so far as the general operation of the institution of parliament is concerned, we are almost like the parliament at Westminster—we make our own rules; we run our own show. If I may digress for a moment, Mr. Speaker, practically the only difference between this country and Britain, so far as parliament is concerned, is that we have a British North America Act which draws the line between the federal authority and the provincial authority. In Britain parliament is supreme and everyone knows it. Parliament is supreme in this country, too, but we do have a constitution which says that certain things are within federal jurisdiction and others are within provincial jurisdiction. Otherwise we make our rules, our traditions, and lay down the precedents for the kind of institution this is to be.

I submit that in this very debate we are adding to the precedents that are used for determining in the future what parliament can do. Why is it, for example, that when people are trying to answer the question as to whether the vote of February 19 was a motion of confidence, reference has to be made to Erskine May, to Beauchesne, to Bourinot, to Jennings, to Dicey, to Eugene Forsey, to the Canada Year Book, and so on? It is because there is no written constitution that gives the answers.

• (8:10 p.m.)

There is no document anywhere which says officially: This is a vote of confidence; this is not. We rely on precedent, we rely on tradition, and we rely on the Speaker's rulings. Indeed, if there is any element of this institution which is constitutional, it is the function that Your Honour exercises to see to it that the traditions which should be respected are continued, and that innovations are allowed only if they make common sense and meet the general will of the people. But I emphasize the fact that this is a pragmatic institution. We do not have a written constitution which says how we shall operate. Everyone knows that in the United States for a bill to become law it has to be passed by both houses and receive the president's signature. Everyone knows that if he refuses his signature, the bill is dead, unless it then gets a two thirds vote by both houses. Everyone knows that down there if a bill is defeated in one way or the other, it is dead and there is no question about it. But the president remains; he continues for the balance of the four years, because all of these things are laid down in a written constitution.

We operate with a minimum of written guide lines. We operate on the basis of tradition and precedent. I submit that this makes

the motion which we are now debating more serious in terms of our constitutional history than it is even in terms of the tax measure which lies behind it. We already have certain traditions about the question of confidence. It has been pretty well established, because it has happened quite often, that a government can be beaten on a minor matter but carry on. If everyone accepts the fact that it is a minor matter, there is no election. For example, in committee of the whole a short while ago a motion by the Postmaster General (Mr. Côté) which would have increased the postage rates, was defeated. The government was defeated then, but no one claimed this to be a major matter. The government did not resign, and there was no call for an election. The government was also beaten in the last parliament on the amendment which we proposed to the Canada Labour (Standards) Code regarding the number of general holidays in a year. The government stood up strongly against our amendment, but it was beaten.

It is a convention and a tradition that there are so-called minor measures which do not bring down the government. Then we have another tradition, only this one has been written into a rule—not into the constitution, but into a rule of parliament—and it has to do with supply motions. We have a rule which says that if the government is beaten by the passing of a supply amendment, in other words if the government's motion is superseded by the passing of a supply amendment, the government may immediately introduce another supply motion, and without further amendment have a vote on it, and if it is sustained the government carries on. I may say incidentally that I remember two or three of these cases in earlier years when this provision was used, notably in August, 1946, when we in this party moved an amendment to a supply motion, our amendment having to do with the subsidy on the price of milk. Our amendment carried, but before it did Mr. Howe had said that this was a free vote, in other words no confidence was involved in it. Our amendment carried, and so this device was used. Mr. St. Laurent used it two or three times on supply motions when more or less non-controversial matters were proposed. In other words it was accepted that we did not bring on an election because the government accepted an opposition amendment.

The things that we have done, such as the continuing of the government in office after the defeat of the post office measure, the defeat of an amendment to a labour bill, or the defeat on a subsidy motion, and so on, are really part of the constitution of Canada. They are there as precedents, and they are much more in the way of guide lines to us and to the Chair than anything one would find in the constitution.

If I may ask you, sir, a rhetorical question: How often in your study of the procedural problems that have come before you do you go back to the British North America Act? There are so few things in there about the operation of the house that you could go through them in no time. What you have to go back to are precedents. The precedents that we have up to this point pretty well define what we can do in terms of confidence or non-confidence, but I do not know of any instance in Canadian parliamentary history where the defeat of a major taxation measure brought in by the government has been treated as a minor matter, when it has not been treated as a measure of confidence.

Let me say again that I concede to the government the legal right to bring in the motion that is now before us; I concede to the government the legal and constitutional right to ask parliament whether or not it says "You can carry on despite that defeat", but I do ask that in deadly seriousness we realize what we are doing. We are amending the constitution of Canada, just as much as if the Minister of Justice reached unanimous agreement with the ten provincial governments in this country on an amendment to the British North America Act.

We are saying that from here on there is a new way in which we can operate in the House of Commons. We can have decisions under which the government is beaten on a major matter, and it really is not a defeat of the government. Although I oppose the passing of this motion, I want to say, not only that it is in my view in order to bring it in, but also that in my view it would be good for us to be doing some thinking and to devise some new ways of dealing with situations such as we have with minority governments. This is what we have tried to do in this party, before I made my speech in January, 1966, which has been quoted by the Prime Minister and the Minister of Justice. I proposed that on amendments to the address, amendments to the budget, and on various proposals made by the opposition, there be an understanding in advance that the vote on the substance of those amendments should be separated from the question of whether or not the government was to be brought down,

whether or not there was to be an election. I believe that is still a good idea. This is a parliament of minorities—and we may continue to have them for some years. What I am suggesting is a good piece of machinery, and I think we should add it to the constitution of Canada; but let us add it knowing what we are doing, and let us add it with the necessary safeguards.

Several members of the government have said they read these speeches of ours made in January, 1966, and that this is just what they are doing. May I point out with respect that there are three major differences between our proposal of January, 1966, and what is happening now. The first one we have repeated several times but we do not seem to have got it into the heads of the government. We said that the announcement that a matter is not a vote of confidence, which would be decided separately, should be made before the vote is taken, not after. In other words, in any game you play the rules should be set before you start, not after the bully has lost a play or two in the game. In my view that is an essential feature in this kind of change in our constitution.

The second difference—and I point out that I will not press it as hard as I might press one or two other things—is that when I made my proposal in January, 1966, I made it with reference to things proposed by the opposition, expressions of opinion contained in amendments to the address or amendments to the budget. Actually, that was as far as I went. But the government has applied the principle of a second vote, not to an idea advanced by the opposition but to one of its own major pieces of legislation. The government cannot control what the opposition proposes; therefore I think it is appropriate for the government, if it has been beaten on an opposition idea, to have the right to another vote.

However, the government controls what it brings in. It decides what its tax measures are to be. I submit that that right should not extend to the government in such a situation. If the government thinks this is not completely fair and wants to have it both ways on this point, I think we could negotiate it. In other words, I do not regard the second point I am making as having the same importance as the first one about the announcement being made in advance.

• (8:20 p.m.)

The third difference is that in the proposal we made in January, 1966, we were proposing merely a device, an arrangement of parliamentary procedure under which a government which was defeated on a motion from the opposition could carry on and could still be the government. We were not proposing a device under which the government could bring back a measure which it had presented and which had been defeated, but that is what this government is tring to do. It is trying to use our proposal as a means of obtaining the right to carry on, and extending that to a situation which will permit the government to bring back a measure that was defeated by the House of Commons on February 19. I know the Minister of Justice said this afternoon that they are not going to bring back Bill No. C-193, but I am uneasy; I am uncertain and I shall be until this story is completed. I have heard the things the Minister of Finance has said and the things the Prime Minister (Mr. Pearson) has said. That is why I am uneasy on this point.

I submit, Mr. Speaker, if we were pursuing the kind of arrangement we suggested in 1966, it would be amending our constitution, but it would be doing it in a sensible way and in a way that would help to make minority parliaments work. In my view, these three things are essential: First, there has to be an announcement before a vote, not after, that it is not one of confidence; second, this proposal should apply only to changes brought forward by the opposition over which the government has no control; third, the government should have the right to carry on, but not the right to bring back, in the same session, a measure which has been defeated. Now, that was our idea, and it is one which ought to be worked into the fabric of this house. I think the distortion of it which has been made by this government is dangerous. If this motion passes, or even if it is defeated, it will be quoted. We will have added to our constitution a precedent that is just as meaningful, just as useful to the government and to the Chair as anything else that is there. From this time forward, the next time a government has been beaten on a vote, no matter how major it is, the government will be able to say, "We did it in February, 1968, and we can do it again." We will bring in another motion and we will go through this monkey business all over again. The right to do this will in effect be part of our constitution if we pass this motion. That is the main reason I am against it.

Now, Mr. Speaker, I could enlarge on these ideas but if I did I would be repeating

myself. These are the kinds of thoughts I had in mind earlier today to give to the house, before the Minister of Justice provoked us as he did before the supper recess. I repeat, however, that this is a terribly serious thing we are doing. We are not just passing one simple motion in the month of February, 1968: We are amending the constitution of Canada; we are changing the way in which this parliament works. Yes, we should make changes, and I think we should take into account the minority situation. We should take into account ways and means of staying here and doing the business of the country. But we should not support a device that enables the government to twist our words and enables it to use a new rule after it has lost out on the first one, to bring back something that has been defeated by the House of Commons.

I see that my time is just about up, Mr. Speaker, and that means the other thing I wanted to say I shall have to compress into a couple of minutes. Perhaps it is not related to what I have been saying, and I have no doubt that I may be accused of acting like a school teacher lecturing his pupils. I am going to take that chance, and there is another chance I am going to take, too. I hope that the experience of last Monday night, February 19, and the experience of the days that have gone by since, have made us realize the importance of attendance in the House of Commons. This whole sorry mess which we have had these last eight or nine days would not have happened at all if two or three more Liberal members had been present on February 19. When people like the Minister of Justice stand up and complain about the eight days—by the way, this motion has been under debate only three days—that have been taken, let the government members recall that the whole reason for this mess lies in the fact they did not have their people here. I will go further than that now, and say that I hope we all realize that, after all, attendance in this House of Commons is important.

Mr. Nielsen: Why? A vote does not mean anything.

Mr. Knowles: My hon. friend says the rule does not mean anything.

Mr. Nielsen: No, a vote does not mean anything, so why be here?

Mr. Knowles: I am sorry I misunderstand, for I know the hon. member was paying attention to my previous remarks in which I contended that we should have the kind of rules which will make votes mean something. I think it is quite clear that we would not have had this mess if attendance in the House of Commons were taken more seriously. If I may indulge in a bit of a commercial, on Sunday night the hon. member for Medicine Hat (Mr. Olson), the hon. member for Peace River (Mr. Baldwin) and I had the privilege of being on one of the C.B.C.'s open line programs called "Cross Country Check-up". We were asked to discuss parliamentary procedure, in the hope that we would get questions that would pry into our academic knowledge of these things. We did not get very many questions of that general kind. They all dealt with last week's crisis. However, although I did not keep exact count, I know I am safe in saying that at least three out of five of the questions—they came by long distance from all over Canada—were identical: Why weren't the members here?

An hon. Member: They were not all in Jamaica.

Mr. Knowles: I realize I am getting support from my Conservative friends, and that they are ricocheting these remarks across to the Liberals. However, I am directing my remarks to the whole house. The fact is that we had only 166 members in the House of Commons last Monday night, out of 265. This is not to our credit. I hope, as a result of this experience, we will realize that it is our job to be here. I agree with the hon. member for Yukon (Mr. Nielsen) that we must make a change in our practice which will make it meaningful to be here. We can increase the importance of our being here if we make the kind of changes that will make it possible for all parties and all members to participate in debate, and will make all votes really significant.

Mr. Speaker, I deplore the way in which things have been twisted by the other side. With the rest of my colleagues, I say we should defeat this motion that is now before us, because in effect it is a motion that would open the door to bringing back taxes against which we are strongly opposed. I am opposed to it also because I think the passing of this motion opens the door to constitutional changes, in fact makes constitutional changes, that would not be for the benefit of parliament. On the other hand, if we study our problems and look at the things we can do, I think we can make changes that will make our parliamentary procedures even better. This I hope we will do very soon.

Motion Respecting House Vote

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I feel impelled to rise and participate in this debate because of remarks that have been made, some involving myself personally to which I shall refer later. But before launching into the facts and figures related to this situation, I wondered if the members of the house were aware that if this vote carries in favour of the cabinet the Liberal party is adopting Nancy Greene as its patron saint, since she typifies how to win while going downhill.

I had prepared most of my remarks for this evening prior to the manufacture of the majority to put down the so-called manufactured crisis. I want the comments I am going to make to be on the record because I believe that the upset a week ago Monday and the debate of the last few days has shown the absolute necessity of altering the rules of procedure in the Canadian House of Commons.

• (8:30 p.m.)

I have been arguing for 40 years that the British and Canadian system of parliamentary responsibility, under which a government may be defeated on any vote, is ridiculous; that we in this country should adopt the United States system whereby Congress is free to vote as it likes during the four years of its life; and the United States parliamentary or governmental system is not upset. In my close study of the United States system during my lifetime I have seen beaten down many measures that the executive branch—the cabinet —had wanted to see carried. But the executive branch did not have to leave Washington. During the four year term members are free to speak their minds; no threat is held over them to the effect: "Unless you support the administration's proposals we will have a general election right away". This situation—I will quote the Secretary of State (Miss LaMarsh): "this rotten situation"—that developed a week ago Monday because of poor handling on the Liberal side of the house puts the klieg lights on a circumstance that should be corrected.

I believe that good will come out of this poor situation because we will have to alter the rules of the house, and alter them quickly. We cannot have a situation continue whereby men who hold a definite opinion on a certain vote will still vote for the motion if they are sitting to the right of the Speaker because they are told that it is the desire of the cabinet that the motion pass, while good men and women sitting on the left of the Speaker will vote against it because that is the opposition's fancied role.

This situation is ridiculous, as I say. There are brains on both sides of the aisle in the Canadian House of Commons, and the Canadian nation is entitled to the benefit of those brains. It is childish to say that all proper thinking occurs only to the right of the Speaker, and faulty thinking to the left. That is a fallacy that cannot be allowed to stand. A majority vote in the chamber should set the law of the land.

I am getting fed up to the teeth listening to people talk of Harry Truman's celebrated remark: "If you can't stand the heat, stay out of the kitchen". I agree with that remark of the ex-president. Criticism that is directed to individual members of the House of Commons and Senate can often only be endured on the basis that if you cannot stand the heat, get out of the kitchen. However, I should like to give a Canadian simile that I think is better, and say: "If you can't last the three periods of a hockey game, don't put on your skates".

I have in my hand, Mr. Speaker, the House of Commons provisional reprint of the standing orders, and standing order 75, to be found at page 70, distinctly states:

> Every bill shall receive three several readings, on different days, previously to being passed.

A bill is not passed until it has received three several readings. Has the Liberal party forgotten standing order 75, Mr. Speaker? In standing order 76 we read:

> When a bill is read in the house, the Clerk shall certify upon it the readings—

Note the plural.

> —and the time thereof. After it has passed, he shall certify the same, with the date, at the foot of the bill.

You will note, Mr. Speaker, that three readings are mandatory before the passing of a bill. It is absolutely ridiculous to stand up and argue that this was a technical defeat on a minor stage, third reading; that argument is not worthy of anyone with experience in parliament. Third reading is as important as second reading, and is as important as first reading, and it should be treated as such.

I say to you, Mr. Speaker, that eternal vigilance is the price of liberty. If the party in power cannot exert eternal vigilance with regard to the measures that it brings forward, then it had better get out of office and let somebody who can exert eternal vigilance take over the treasury benches. To make the

statement that this income tax measure passed first reading, passed second reading and passed clause by clause study only to fail on third reading is absolutely childish—and I can think of no other word.

Is the government going to tell us that if a team does not score in the first and second periods of a hockey game it has not the right to score in the third period, and win the game? Are we being told that because a ball team does not score in the first eight innings it has no right to knock a home run with the bases loaded in the ninth and win the game? You cannot change the rules if you find the ball game going against you and you cannot change the rules in the third period of a hockey game.

It has also been stated that a small house defeated the motion. I believe the vote was 84 to 82. I find this funny. If this was a small house, then why did not the government bring up again that post office resolution that was voted down 14 to 11? I was in the house that afternoon and when the 14 to 11 vote was taken I was up in the far corner reading my *Hansard* proofs. If an 82 to 84 vote is a small house, Mr. Speaker, what in the name of heaven is a vote of 14 to 11? If a vote of 82 to 84 was only a technical defeat, then why has the government not brought forward the post office resolution? That resolution was to have raised, I understand, $30 million a year, money that was vitally necessary.

The Ottawa terminal railway bill in 1964-65 passed first reading, passed second reading and was referred to the transport committee. In the transport committee proceedings the late hon. member for Hull, Alexis Caron, moved an amendment to some of the clauses in the bill that provided for the composition of the board of directors of the Ottawa terminal railway station. That amendment of the late Mr. Caron was carried by a majority of one.

The interesting thing about that, Mr. Speaker, is this. Immediately the word came down: Bottle up the bill in the transport committee until the house prorogues. The bill was bottled up in the committee all right, until the house prorogued, and it never came on the floor of the House of Commons again. That bill had had first reading, second reading and was in process of clause by clause study in the transport committee. If a defeat in the House of Commons of 84 to 82 is only a technical defeat, then why was not the Ottawa terminal railway bill brought forward again? Why was the post office resolution not brought forward again?

In this particular matter, Mr. Speaker, I am able to speak with a clear conscience and with clean hands. I mean that, because I was not in the house on Monday night, February 19. I was paired with an opposition member. I should also say this, that in five and a half years in this house I have never known a pair of mine to break down, and the Liberal whip will bear me out in this regard.

As I say, Mr. Speaker, I was absent from this house on that occasion, being in the city of Toronto. On December 14 the leader of the Liberal party stated that he was resigning his office as leader of the party some time in the following spring. A week ago Monday night I was engaged in the happy task of selecting delegates to the Liberal leadership convention who are going to pick a new leader for the Liberal party.

• (8:40 p.m.)

We had over 600 people at the hall, that being the largest delegate selection meeting to be held in any of the Toronto ridings to date. There are five yet to be held; but of the 19 held so far our attendance of 600 was the biggest. Maybe some of the up and coming five special meetings to select delegates will have a bigger attendance; I don't know. But I was paired. That pair stood until Tuesday. That was the agreement, because we were conducting the election of delegates to the leadership convention in the city of Ottawa in April.

Do not blame me for the vote. I find that members of the cabinet want to know where the members of the party were when the vote was on. But they do not ask the members of the party; no, no. That would take too much time. The members are supposed to come crawling to them like dogs and whimper, "You can't blame me; I had a pair," or "I was off sick."

An hon. Member: Arrogance.

Mr. Cowan: Responsibility for what happened in this house on February 19 does not rest on the shoulders of every one of those men who were away. In Prince Edward Island there were 21 members of a House of Commons committee, ten of them being Liberals, and 11 were opposition members. They were down there on transport committee business which was authorized by the House of Commons. Everything they were

doing was legitimate, yet people are screaming, "Where were the 21 members?" Somebody should find out that they were about 15 miles from Charlottetown, stuck in a snowstorm behind a jackknifed truck. That is no disgrace to those 21 members; there is no discredit in that. But that is more than I can say for people who go off for a Jamaican rum swizzle and do not even leave a pair behind.

Some hon. Members: Oh, oh.

Mr. Cowan: When I came back to this house on the Tuesday after February 19 I spoke to some of the officials of the party, and I spoke about my pair. Unlike the hon. member for Kootenay West (Mr. Herridge) who says that nobody called on him before the manufactured majority was secured, I had three cabinet ministers call on me. I must say that, speaking to them individually, I said that the government had been defeated on Monday night, 84 to 82. I said—based on the information I can get—I am only a private Liberal member and not supposed to know anything, and certainly I am not told anything—the best information I can get is that a resolution is coming forward which will, if passed, revive Bill C-193 and vote confidence in the cabinet. I said to each individual member of the cabinet, "I will not vote for any resolution that has two parts. That bill was killed on Monday night 84 to 82; the only way you can revive that bill is to prorogue this house and bring the bill in in another session, if you wish. If you want to do that I will vote for the bill in a new house, but I certainly will not vote in any way, shape or form for a revival of Bill C-193, in the present session, no matter who tries to bring it in."

Some hon. Members: Hear, hear.

Mr. Cowan: I based my statement on a ruling—I understand it is perfectly all right to refer to a ruling of the present Speaker —made by the present Speaker of the House of Commons in January, 1967. I have XEROX copies of it in my hand. I showed it to two of the three cabinet ministers and said, "We stand or fall on this, because I have every confidence in the Speaker." This ruling has to do with an amendment that the Liberals wanted to bring in to counteract a defeat they had suffered in committee of the whole on the transport bill.

I was in the house that night when the vote was carried 59 to 57 by the opposition. From what I have been told, the people in western Canada are very happy that the opposition carried that amendment to the main bill. But you may remember that a couple of days after the bill was altered by opposition action, this side of the house endeavoured to bring in an amendment which would have reintroduced into the original draft of the bill that which had been eliminated by opposition action.

Reading from the *Journals* of the House of Commons of Canada for January 26, 1967 you can see the Speaker's ruling on the matter. He said the amendment could not be brought in, stating as follows:

> Honourable Members of course are all agreed on the most important rule of procedure, that a question which has once been negatived cannot be proposed again in the same session.

He says in the last sentence of his decision:

> I am prepared to interpret the doubt in favour of the most important principle in the citation, and to reject the amendment.

Not only was the Speaker correct in his decision of January 26, 1967 but I like his use of the adjective "the". He did not say "Hon. members...are all agreed on a rule." He said, "Honourable Members ... are all agreed on the most important rule of procedure, that a question which has once been negatived cannot be proposed again in the same session." In the last sentence he says, "...in favour of the most important principle in the citation". It is not "an important principle".

I told a member of the cabinet that if there were two parts to the resolution, it would be opposed to the bitter end and it could not be brought in in any way because the Speaker had already made a ruling; and who are we to go against his learned decision.

One of the members of the cabinet said to me, "But if the proposed resolution passes the Speaker's eye, will it be satisfactory to you?" I said, "If the resolution should pass the Speaker's eye as containing only one part and not two, it would be satisfactory to me. If there is no statement made that Bill C-193 will be revived in this session of parliament and if no effort is made to circumvent the Speaker's decision, as the cabinet tried to do in the case of the transport bill, I can support the continuation of the cabinet in office." That is what I said.

I want to read to you how the Prime Minister on Friday last, February 23, rose to defend his position. He made this statement inside the first 200 words. On page 6921 of *Hansard* he is reported to have said:

> We,...accept the fact of that rejection.

Then, speaking of the motion, he went on to say:

It does not ask the house to rescind or reconsider any vote.

I now wish to refer to standing order 25 of this house which says that no member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

You will notice that on page 6923 the Prime Minister says:

It does not ask the house to rescind or reconsider any vote.

Later he goes on to say:

We have made it quite clear we are not going to ask for further progress on that bill—

In this manner the cabinet had put only one tooth in the motion; they had cleaned it up in the sense that I was told, previously, that it was going to have two teeth. One of them having been removed, according to the very learned decision of the Speaker, the motion now covers only one point.

Now, Mr. Speaker, I want you to consider the remark that there was only a small house which voted 84 to 82; and therefore it was a small technical mistake—it was a fluke, we are told. Well, look at the capital punishment bill. We retained capital punishment in this house by 143 to 112, with 255 members voting. And what happened? Fourteen months later the cabinet brought the same measure back on the floor of the House of Commons. If a vote of 255 members will not hold them, what will?

Some hon. Members: Hear, hear.

Mr. Cowan: The bill was revived and put through by a vote of 114 to 87. Previously it was defeated, 143 to 112 but now it was put through 114 to 87. As I said at the time, what 112 members could not do in one month 114 did 14 months later, when the question was revived as a government bill, and being told that there was to be a free vote. I had never heard such a bastard phrase before.

• (8:50 p.m.)

I say it is time some of the rules of this house were changed so that free votes could be called much more frequently without the expectation of an election every time a cabinet measure may be defeated. I want to point out that we have been advised that this was decided by a very small vote, 82 to 84, and it was a Monday, too; normally they would not have a vote on a Monday, so this was trickery, underhand work or something. Mr. Speaker, on February 7 I introduced an amendment on third reading. We are told, now, that a vote on third reading is only a technical matter and that defeat does not count. Yet against the amendment I brought in simply to ask the house to revert to committee of the whole to reconsider clause 28 of the broadcasting bill, the Liberal party lined up 107 votes to ensure that my proposal should not carry.

If third reading does not matter, why go to the trouble of lining up 107 votes? Third reading is only technical, after all, and if the amendment carried what harm would be done? It seems to be a case of heads you win and tails I lose, and the people who follow the rules of the house do not seem able to get the verdict which their foresight should make available to them.

On this question of the income tax bill: One of the speakers in this debate made reference to a gentleman by the name of Jennings, I think, who wrote a book entitled "Cabinet Government". Well, I do not like to hear citations from books entitled "Cabinet Government". We are having too much cabinet government as it is. I would like to see more parliamentary government and less cabinet government, and I do not like quotations from that book.

I mentioned a moment ago that I wished to refer to a personal matter. I have kept very quiet since that vote a week ago Monday. I have always been here, never absent. But I picked up the Toronto *Globe and Mail* of Thursday last and read a story there under the headline: "Crisis deepens as parties reveal strategies". On page 8, I came across these interesting words. Mr. Pearson had called what was described as a formal press conference—I don't know whether anyone attended in tails and bow ties, or what.

Mr. Pearson noted that Mr. Stanfield had suggested that the Prime Minister might turn the government over to another Liberal.

I thank the hon. gentleman for that suggestion.

He said he would have to ask Mr. Stanfield whom he had in mind, adding that any member of the government would make a good prime minister.

The report continues:

"Even Liberal M.P. Ralph Cowan (York-Humber)?" a reporter asked.

"He's not a member of the government," Mr. Pearson shot back.

I want to ask what is the position of the 100 odd Liberals on this side of the house who are not in the cabinet. If they are not members of the government, why bring them back here to vote on questions of confidence and similar matters? Why cannot the government handle these things by themselves—they seem to be able to do everything?

Some hon. Members: Oh, oh.

Mr. Cowan: I wrote a letter to the Prime Minister on Thursday, February 22, and I delivered it to his office myself. Perhaps I might put it on record at this point.

For some years now I have been arguing that Canada does not enjoy government by its representatives but is the victim of cabinet government. This, of course, denotes the distinct difference between the members of the cabinet and the men and women who have been elected to the House of Commons by their electors with the idea that they would be part of the government of Canada.

When I was asked to run on the Liberal ticket in 1962, I was asked if I would help overthrow the Diefenbaker government. I wasn't asked if I would help to overthrow the Diefenbaker cabinet. When I was renominated by the Liberal party in 1963, it was with the firm intention on the part of the Liberals of York-Humber to overthrow the Diefenbaker government—not the Diefenbaker cabinet. I ran in 1962 and 1963, along with you, without anyone knowing who would be in the Pearson cabinet if the Liberals achieved government status. It did not take me long to learn after 1963 that a private Liberal member of parliament amounts to nothing in the eyes of a cabinet with overweening conceit.

Some hon. Members: Hear, hear.

Mr. Cowan: My letter continued:

In the *Globe and Mail* of this morning, February 22, 1968, there is reference in the fourth column on page 8 to your comment that Mr. Stanfield had suggested that the Prime Minister might turn the government over to another Liberal. You are reported as having added that any member of the government would make a good Prime Minister. I note the distinction between what Mr. Stanfield is reported to have said, he used the word "Liberal", and what you are reported to have remarked, you used the word "government". Then some reporter asked you if even Liberal M.P. Ralph Cowan would make a good Prime Minister. You are then quoted by the *Globe and Mail* as having said "He is not a member of the government".

On behalf of those hundred odd Liberal members of parliament who are not members of the cabinet, would you be kind enough to advise us what our status is? There are Liberal voters throughout Canada who think that Liberal members of parliament are members of a Liberal government. If I am not a member of the Liberal government of the day, who or what am I? I personally could not care less what you have to say about me, but I would like to be able to tell the other hundred odd Liberal members of parliament who are not in the cabinet, just what their status is in your eyes.

[Mr. Cowan.]

I am holding in my hand one of the weekly calls to caucus. No doubt you like the wording, "A meeting of the supporters of the government will be held etc., etc." Every time I get one of these I wonder what we private Liberal members are, since it is evident from the call we are not considered members of the government.

Now that the Canadian public has your assurance that I am not a member of the government, you have no idea how free I feel at this time.

Some hon. Members: Oh, oh.

Mr. Cowan: I then told the hon. member for Lapointe (Mr. Grégoire) that I would second his amendment; he had asked me once or twice whether I would do that. I felt quite free to do so and I did so in order that he might talk on his amendment.

In this connection I should like to quote some references and comments with regard to private Liberal members of this house who were absent. I am sorry to say some of them are hesitant to speak up; that is not a shortcoming on my part, I am told. I have here a copy of the Toronto *Evening Telegram* of last night, Monday, February 26, and on the front page I read:

Prime Minister Pearson admitted on national television last night that the Liberals blundered in the tax bill defeat last Monday. "Of course they blundered—"

Now I was asked to be one of the members of the Pearson team in 1962 and 1963 and 1965. It is some team, when the captain says "they blundered". Where was the captain? As far as we can find out, he was not even paired.

"Of course they blundered and when a Government has 129 members who could vote for it and could muster only 82 there is a blunder. I'm not trying to excuse that," he said. "I knew this was a possibility. I didn't expect to end my days in peace.

"I was very angry—"

Well, my second daughter lived in Jamaica for two years after her marriage and I can tell you, Mr. Speaker, that it is a very pleasant place in which to be angry with anybody. The beauty of it is that there is such a great distance between here and there that one is not aware of the anger until some time after it has worn off.

Here is another quotation from page 4 of the same newspaper:

"I was shocked and enraged," Mr. Pearson said. "I was directing my anger toward myself for being away . . . to our caucus . . . the members who were not there."

Well, I was not there, and if anyone has been directing any anger to me I am not

aware of it so far, and I am speaking for a large number of Liberals who were absent that Monday evening because they had legitimate reasons for being absent; and there is no reason for belabouring them for not being here.

On the front page of the Toronto *Star* last night there appeared a five-column picture taken outside the door of the House of Commons and there was a quotation underneath it: "Our Government Blundered".

• (9:00 p.m.)

What blunder was there on the part of the people who were paired and who were not here? What blunder was there on the part of those Liberals who were snowbound in that bus outside Charlottetown? Private Liberal members are not considered members of the government. Was there any blunder on the part of the Minister of Labour (Mr. Nicholson) who had been sent to New Delhi, and who went there with the cabinet's full consent? I would like to see less of this open handed blaming of private Liberal members who were going where they should be going and standing where they should be standing, and not criticism from people a thousand miles from here at a time when their presence was vital, very vital to this vote.

We were even told by the Prime Minister that here we were all chastising ourselves. I do not know a Liberal member who had a legitimate excuse for not voting that night who was chastising himself. If this motion will carry, it will establish precedents for the future, as brought out by the hon. member for Lapointe (Mr. Grégoire) when he was speaking the other day. He said that if this motion should carry it will not be necessary for the cabinet to win votes in future. They can simply wave their hands and say, "Today won't count. We will have another vote on Monday that will really count." We won't even need to ring the division bells. This proposed vote if carried will set a precedent that will have to be eliminated by adopting the United States congressional system where people are free to vote during a four year period.

I am faced with this problem of the two pronged vote. I said I could never support a two pronged resolution. I will follow the Speaker and I will follow him to the end. As I say, they have removed one of the two teeth, and now we are to have a single vote. It was interesting to me, before the majority was manufactured, to note that this motion does not express confidence. It is worded so as to read:

> This house does not regard its vote on February 19th in connection with third reading of Bill C-193, which had carried in all previous stages, as a vote of non-confidence in the government.

It is quite interesting that the cabinet does not ask for a confidence vote. They say that this is not regarded as a vote of non-confidence in the government. The fact that they have brought this motion forward proves that that vote on Monday night of last week was a vote of confidence. Otherwise why was this motion brought forward?

Some hon. Members: Hear, hear.

Mr. Cowan: If this was not a non-confidence vote the cabinet could have proceeded to bring in supplementary estimates which must be passed very shortly, or could have proceeded on interim supply which we are also going to need very shortly. But rather than bring in two such subjects as that, since the cabinet had not been defeated on a confidence motion—according to the talk we have been hearing—it would not have been necessary to bring in this motion. The fact that it has been brought in shows that the vote on third reading was a confidence vote, and the opposition is to be congratulated for having been on its toes at the time of third reading.

I am faced with the problem of going back on my statement that if one half of the proposed resolution was eliminated I would support the other half. I do not want to place myself in that position, but I come to this open situation. I entered this house in 1962. In November and December of 1962 and in January 1963—I have looked up all the *Hansard* records on it—the present Secretary of State for External Affairs (Mr. Martin) led the assault on the government of the day with regard to those pieces of legislation that had been introduced under order in council by that government.

I have in my hands a copy of *Hansard* for December 20, 1962. At page 2884 it is recorded:

> The house resumed from Thursday, December 6—

And I may say this went back to November 22 and November 8

> —consideration of the motion of Mr. Martin (Essex East)—

who was seeking to have correspondence tabled:

> —on the subject of surcharge and imports order, P.C. 1962-902, dated June 24, 1962, and the amendment to the surcharge and imports order, P.C.

1962-987, dated July 11, 1962, and the import control list as amended by P.C. 1962-903, dated June 24, 1962, with particular reference to the legality of such orders.

The argument with regard to the production of those papers, which we never did see, was based on the fact that the government of the day in 1962 was imposing taxes without proper authority. This involved some sleight of hand with respect to the Customs Tariff Act and the Financial Administration Act. I have mentioned this once before in the house, and I will mention it a second time. We were all indebted to the hon. member for Winnipeg North Centre (Mr. Knowles) for having exposed the fact that the Financial Administration Act was not being observed, since it provided that a list be made and tabled showing the remission of items over $1,000, according to the legerdemain adopted by the previous government.

If this present motion does not pass and if the Governor General should be advised to call on another person to take over control of the government, we will move from a party which has suffered defeat on the floor of the House of Commons on a money tax bill. They tell me that it was only a little bill, that it would bring in only $475 million next year. I am telling you inflation has really hit this country.

Some hon. Members: Hear, hear.

Mr. Cowan: Some people sneered at the late Right Hon. C. D. Howe—I was not one of them—because in a fit of anger in this house he ejaculated, "What's a million"? If they snickered and sneered at the late C. D. Howe for asking what's a million dollars, what are they going to say when they are told that this was only a technical defeat, that it was only going to cost the cabinet $475 million?

Now, Mr. Speaker, $475 million is not a technical defeat, but I am faced with the choice of supporting a motion here which would allow this cabinet to prorogue the house, bring in a new session and revive the bill which was defeated a week ago Monday—and I would vote for that bill—or run the risk of turning the government over to a crew who by order in council, without reference to parliament, started to tax the people of Canada in 1962 for $200 million a year as then estimated, and we still do not know what the total was going to be ultimately. I must state that since the cabinet took the second tooth out, and since I have a choice between six of one and half a dozen of the other I will have to vote in favour of the motion that will be coming to a vote very shortly.

Some hon. Members: Oh, oh.

• (9:10 p.m.)

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have often maintained and supported the thesis that it is here in the House of Commons that debates should be conducted, and not over the airways. I suggest to you, sir, that today we have had an example of extremely useful debate which has contributed very much to the serious subject that we have before us.

We have had the good fortune to hear from experienced and able people today. We have had new ideas put before us that had not been canvassed previously. We have had some other ideas and suggestions underlined and brought more forcibly to our attention. That is why I have always maintained that here in the House of Commons is where debate should be conducted, even if it takes a little time and is not completed in one or two days. On a matter like this, which the hon. member for Winnipeg North Centre (Mr. Knowles) in his very reasoned and able speech pointed out affects the constitution of our country, why should we not debate the thing at some length?

This will become an historic debate. It will be referred to for years by political scientists, historians, and all those who are studying the history of parliament. The ideas that have been put forward today should be considered. If modifications should be introduced into our parliament this is the place in which that should be done, for parliament itself is an evolving institution.

It has changed over the years, and yet it has remained the same; it has remained the centre, the heart and the soul of democracy and of freedom. So, sir, that is one reason I approve of having debates in the House of Commons which are not terminated in one or two days. I do not object to the statements that have been made on radio and television. What I do object to is the implication to the public that two or three days of television and radio conversations and newspaper editorials ends the issue. That is what I object to—the implication that then there should be a counting of heads, and let us get on with something else. I believe today's debate has shown that there is some value to my criticism of a public debate over the air waves.

It is my intention now to deal with the central issue in the controversy that is engaging the attention of the house, namely the purpose and implications of the motion which is before us and the result that will flow from its adoption. I want to do this because I believe the public has not been completely informed with regard to the central issue. I consider that this motion, if approved, will convey to the executive, the cabinet, complete and absolute power over parliament. I will show how over the years the power of the Commons has been gradually diminished and how the rights and privileges of members have been steadily eroded in the course of the period in which I have had the pleasure and honour of being a member of this house.

The process of restricting the authority of the house began seriously with the election of the present government in 1963. Steps were soon taken to effect alterations in the rules, with the object of restricting debate and increasing the power of the executive. Prior to 1963 in this evolving institution the practice and custom of the house was to set up a rules and procedure committee under the chairmanship of the Speaker to consider modifications of the rules. In the period from 1952 to 1963, or in the period between 1952 and 1962 which is the period with which I am familiar, that was the method followed under the Speakers of that day. The committee on which the various parties were represented reported to the house only those changes in the rules for which there was unanimous agreement. Quite a number of changes were made, but I shall not take the time of the house tonight to recount these. In 1964 the Liberal government rejected that method and substituted the government's proposals for changes in the rules. Instead of having an all-party agreement the government insisted on having a majority vote on the changes which it considered to be best for the house and, despite strenuous objections, imposed the present rules.

Those recent changes imposed by this government have had serious consequences. The consideration of the main estimates has been limited to 30 days. Experience over the last three years has shown how advantageous that has been to the government. The estimates of many departments have not been considered at all by the house but have been put through automatically by the guillotine method on the thirtieth day. This has curtailed in a very marked manner the freedom of members to discuss proposed expenditures and has enlarged unduly the power of the executive. The second recent change in the rules is the method of closure of debate under the title of allocation of time. This practice ruthlessly limits freedom of members and gives enormous power to the executive.

These limitations of members' rights and these additions to the control and influence of the executive have altered the nature of parliament and have reduced its effectiveness under the specious argument of modernizing the rules and getting on with the business. Many members have been misled into shackling parliament and transferring power from the house to the executive. The motion which is now before the house and which appears on the order paper will complete the process of making the executive supreme, because now the executive will control the votes of the House of Commons. This constitutes absolute power. Up to this time votes in the Commons have been considered to be of great importance. They have imposed a restraint on the government and frequently have been a threat to the continuance of the government. Faced with the possibility of an adverse vote successive governments frequently have modified measures which have been placed before the house. In some instances they have withdrawn them. That fear will now be removed. An adverse vote may be circumvented by the introduction of a motion of confidence with the implication of all the dire effects of a general election, unless the members bow to the government.

How effective that threat is may soon be shown in this house. Already some critics of the government have indicated their intention to either vote for this motion or abstain. This ensures the government of a majority. If it works on this basis it will work in the future and will be utilized in the future. The method which now is about to be established by the government will effectively and inevitably weaken seriously the authority of parliament. The Prime Minister and members of the cabinet will have a power equal to those of any dictator. The main strength of the House of Commons has been its control over taxation. The rejection by the house of Bill No. C-193 on Monday, February 19 was an excellent example of the exercise of that control. The Commons refused to impose on the people the extra taxation proposed by the government.

Parliament had it origin in the summoning of representatives of the people to approve of taxation in order to provide revenue for the

crown. Over the centuries parliament gradually gained full control of the finances of the state, reduced the power of absolute monarchs, destroyed the belief in the divine right of kings, established responsible government and vested in the executive or cabinet certain limited authority. In Canada today we have been witnessing the gradual but steady increase in the power of the executive, now culminating in the attempt of the executive to grasp absolute power. In the future no government, no matter how incompetent, how extravagant or how autocratic will be replaced during its five year term of office unless by its voluntary action or by a revolt of government members. So long as the executive can assemble sufficient bodies to provide a majority for a vote of confidence a government will be able to continue in office and impose whatever taxation it desires, indulge in whatever extravagances it fancies and pass whatever legislation it considers suitable for its purposes.

No vote in the House of Commons will have any meaning except as a recorded opinion. No member in the future will feel especially required to cast a vote. What urgency will be attached to voting; what importance will it have. Absenteeism will flourish as never before. Debates will deteriorate. Why bother attacking a government bill or moving amendments or gathering in members to vote on second reading or in the committee stage or on third reading when the whole process can be nullified by executive action? Not even the time honoured votes on the speech from the throne will have any validity. If an adverse vote occurred on that occasion the executive would argue that it was just a mistake, that the program should be seen in detail and that the house would surely want to reconsider the matter rather than have an immediate election. Consequently a new motion of confidence would be introduced.

• (9:20 p.m.)

What about the well known non-confidence motions on supply? They will be meaningless from now on. If they are adverse, the government will not resign but will argue that the house was merely expressing criticism of some parts of the government's program or its administration, and that the proper course would be to have another vote rather than a general election. The votes on the budget, always heretofore considered as crucial and vital to the government's policy, will no longer have any meaning whatsoever.

Some hon. Members: Hear, hear.

[Mr. Churchill.]

Mr. Churchill: We had a startling example of that just last week. If there is an adverse vote on the budget the government will bring in another motion, members will rethink the problem and have a second chance to decide whether they really did want an immediate election or were merely intending to express some dissatisfaction with part of the government's proposals.

The motion now before us, as has been pointed out by other speakers, is an attempt to introduce into the parliamentary system an element of the republican system in practice in the United States. There the executive, separate and apart from Congress, puts forward legislative matters but does not resign if those items are not passed; nor can the executive be voted out of office. The Canadian executive, as part of parliament, is responsible to parliament and heretofore has been subject to dismissal by parliament. Now, under the proposed new arrangement, the executive will no longer be in any danger of dismissal.

This motion strikes at the heart of the parliamentary system. It is subversive of our constitutional practice. It is destructive of our system of government. It is a dictatorial measure aimed at reducing parliament to the status of a debating society. Its object is to place absolute power in the hands of the executive. This motion also endangers the freedom of the citizen in that it destroys the power of the member of parliament. If I am wrong with regard to the seriousness of this situation, I am not the only one in the country who is wrong and I intend to produce a few pieces of evidence along that line.

In the Toronto *Telegram* of Tuesday, February 20, I read these words in reference to the suggestion that a want of confidence vote might be asked for:

> This is wrong. A vote of confidence should not be allowed. This becomes an issue of the supremacy of parliament, and parliament has already expressed its opinion.
>
> Parliament is greater than any government or party.

Some hon. Members: Hear, hear.

Mr. Churchill: The Montreal *Gazette* of February 22 contains these words:

> It has come close—

Referring to the government.

> —to placing itself in contempt of parliament. In the brief sitting yesterday the government found rushing upon it, like a tide, the fundamental issues of parliamentary democracy. If the house does not have full and final control over money bills, it has full and final control over nothing.

The *Globe and Mail* of February 21 says:

The truth is that if there was to be a second-chance confidence vote every time a government, minority or otherwise, was defeated on a major money bill, there would no longer be responsible government in this country—

If they were allowed to get away with it, how many of them would we see in parliament again—

Referring to members of parliament.

—except on those state occasions when an official want of confidence of vote had been called? The government could be defeated on major program after major program, and so long as enough politicians felt disinclined for an immediate election, the boys could trot back to Ottawa and vote continuing confidence in the government.

In the interval between defeat and confidence motion, governments would be free to make whatever deals or hand out whatever patronage they thought would be necessary to sustain confidence.

That is a rather strong statement coming from the *Globe and Mail* and indicating some of the perhaps not recognized implications of this action. This article concludes with these words:

Even Prime Minister Pearson, in his hour of difficulty, should not want this for Canada.

Then I quote from the *Gazette* of Monday, February 26, an article under the heading, "What Precedent for the Future?" This, sir, is the matter that has bothered me from the beginning of this crisis—what precedent for the future? What are we going to hand down to our successors? We do not last forever here. What is the parliament in the future going to be? Let us see what the *Gazette* has to say:

The importance of the vote in the House of Commons . . . is no longer whether the government will this time be defeated . . . The more serious question is what sort of precedent will be set for the future, if the Prime Minister's motion is passed.

This is always the chief difficulty with unusual methods and procedures. Even if they succeed in accomplishing some immediate and temporary aim, they linger on, to influence the future.

Parliamentary life revolves largely on precedents. What sort of precedent is this motion setting up, for years to come?

This precedent could have various effects upon parliament's future. For one thing, it could induce a new carelessness in governments. Hitherto, the possibility of defeat in the house on a bill of great importance has always been an exceedingly serious matter—

All this, now, could be changed. It would be no longer vital if a government were defeated. It can always do the thing over again, in the same way that a movie director can cut a length of film and consign it to the studio floor and call back the actors for a retake.

I submit that this is fairly weighty evidence to support the point of view that I have been bringing forward. In the Winnipeg *Tribune* of Saturday, February 24, under the heading, "Parliament, our finest institution", an article by R. W. Queen-Hughes contains this paragraph:

In an age when unchecked power is becoming ever more concentrated the parliamentary system, as evolved by trial and error, is an incomparable medium for preserving the freedoms of the individual. No court anywhere is better equipped to do that than the people's sovereign representatives . . . that is, their members of parliament.

Those are quotations from newspapers. I now quote the words of the leader of the Progressive Conservative party when speaking in Ottawa on Saturday, February 24. The leader of that party used these words, with every one of which I agree and I think they should be printed and dispatched to every Conservative in this country and to all those who are interested in the preservation of our freedom.

Some hon. Members: Hear, hear.

Mr. Churchill: These are the words:

Under the system as amended, or invented, by Messrs. Pearson and Caouette, the executive branch becomes stronger, parliament weaker; the executive becomes less responsible, parliament less supreme; it becomes easier for cabinet to have its will and its way, harder for parliament or the people to stop it.

• (9:30 p.m.)

Cabinet becomes more free, parliament—and Canadians—become less free.

. . . Thus is history written. Thus, an institution is altered. Thus, freedom is diminished. Thus, responsibility is eroded. Thus, we strengthen the hand of the apparatus that governs and weaken the protection of those who are governed.

I wish I had written these words myself.

I hope people are beginning to see the issue as I see it. When I showed this quotation to some people in the news media today I asked them "Why didn't you people on radio and television repeat that from your stations every hour on the hour, as you did the propaganda which the Prime Minister put out last week?"

Some hon. Members: Hear, hear.

Mr. Churchill: Do not tell me that the real issue has been presented to the people so that they were able to make a decision on Friday night or on Thursday night. How many of them heard the statement, or statements similar to it, that our freedom is diminished?

Mr. Nesbitt: Just like in "1984".

Mr. Churchill: In the time that I have been in the house, from 1951 to the present

time, there have been three major assaults on the rights of parliament. This is the third one and the worst. The first assault on the rights of parliament was made in 1955 in the defence production debate, to which reference has been made on several occasions, when Right Hon. C. D. Howe wanted the house to give him complete, unlimited and perpetual powers under that very important act.

Mr. Horner (Acadia): The present minister was his deputy.

Mr. Churchill: The Conservative opposition resisted that attempt. We said, "This is not right". We trusted Right Hon. C. D. Howe, who was an honourable gentleman and a very capable minister. But we said, "What about those who may succeed you in the future?" Having seen those who have succeeded him, I say, thank God we took that stand.

Some hon. Members: Hear, hear.

Mr. Churchill: People say to me "That debate was in the past; it did not count". It counted. We fought that issue for 11 days. We debated the rights of parliament. Some of my good friends in the press gallery said "You will never get that principle over to the people of Canada". The people of Canada are much smarter than some members of the press gallery at that time gave them credit for. The issue became clear to the people of Canada. No one said to us at that time "The vote is a foregone conclusion". It never occurred to us that it might be. There were 51 Conservative members on this side of the house and 170 Liberals. They overflowed that area. We had the members of the C.C.F. party on this side—a very uncomfortable position for the Conservative party. We debated the issue for 11 days. What happened? Fortunately I made a summary of the events at that time and I refreshed my memory. The debate started lamely; not all of our members wanted to participate. We were scoffed at by various people. Some who heard about this wrote in or 'phoned in and said "You are on the wrong track. Stop it".

Gradually the issue became clear to members in the House of Commons and to the people in the country. When the government found that it was in difficulty, its supporters presented an amendment to us at which we looked very closely and which we found too devious for our taste. The debate continued, and the government showed obstinacy. Finally, prime minister St. Laurent, a respected statesman of this country, did the honourable thing. He said "This is not right. We will put in a limitation on the defence production act", and the limitation was imposed. On that day he protected the rights of parliament. Suppose we had dismissed that bill and said "It does not matter, we are out-voted before we start". Who would have the authority to do that today in a government which sustains the successive changes in the cabinet which we have seen here in the last five years? Would it be someone like Right Hon. C. D. Howe? On that occasion we protected the rights of parliament.

The second major assault on the rights of parliament was made in 1956 in the great pipe line debate. It did not start off as a debate on a matter in which the freedom of speech would be affected. Other issues were considered. But by the time the debate came to its conclusion, freedom of speech in this house became the main issue for which we fought. Closure was imposed before certain sections of the act were considered, and a bitter battle was fought. During the course of the strife, there were people who said "You must not do this, you must stop. You are destroying parliament. This is not right. End the debate now. You have been at it too long, and the vote is a foregone conclusion", because there were 51 Conservatives, and 23 members of the C.C.F., who were supporting our position and whose position we were supporting, against 170 Liberals. I give full credit to the C.C.F. party for the tremendous battle they put up for freedom of speech, led by my colleague in the House of Commons who is also sometimes my friend in Winnipeg North Centre.

Freedom of speech is important. It is vital to the operation of this institution. Men of experience saw that at the time, and we fought the battle. The Liberal party almost destroyed parliament. They ruthlessly sacrificed the Speaker, and almost destroyed his position in the house. But we retained freedom of speech in this chamber, and without that what have you got?

The third major attack on the rights of parliament is occurring in the house now. The reason I take this so seriously is not only due to my conviction with regard to these matters but also to the experiences that I have had here, and everyone is conditioned by his upbringing and his experience. I saw from the beginning that it would be extremely difficult, that a crisis would arise here and a contest of wills between this side and the

other side of the house. I remembered the other debates here and I knew the sacrifices which they involved, because more than one member suffered seriously in health, and I think some premature deaths occurred as a result of that struggle in 1956.

We kept up the struggle. It was not settled in one, two or three days, and we were not alarmed at the thought that the vote was a foregone conclusion. What bothered me so much last week—and I will not go into all the details—is that it was said the people of Canada were informed, that they know everything about it. They made their decision. We are told "Stop the debate. Don't filibuster. Cease speaking".

• (9:40 p.m.)

One of the things that has depressed me more in recent years has been the continual attack made on this institution. It is coming now. Friends of ours are saying, "What are you doing in parliament? Why are you talking so much? Why don't you get on with the business? The vote is a foregone conclusion, get it over with". I said over the air tonight on one of these television broadcasts on this subject of attacking parliament, "The only thing I can say to the people who are doing that is, God forgive you, for you know not what you do." I said, too, that in my opinion subversive forces are operating in this country to destroy this parliament. When this parliament is destroyed, your freedom is lost and my freedom is gone. Where else can you have freedom, unless it is in this institution which is the heart, the soul, the centre of the freedom of our country?

Now, people say, you are going to plunge the country into an election. You would think plunging into an election was like jumping into ice cold water. They speak as if this were something terrible. In the United States, they have an election every two years, and perhaps there is some complaint about that. We do not have elections that often. Municipal elections are held every year. Is that wrong, having an election every year? Provincial elections are held every three or four years. About 99 per cent of the voters in this country do not spend more than 15 minutes to one hour during an election campaign to cast their votes. I voted in a provincial election, not the latest one but the one before that. I happened to know the candidate and I respected him. During that election campaign that lasted five weeks, I turned off the radio whenever speeches were made; I did not look at television; I threw the literature into the waste basket as it came to the house; I did not look at the ads in the newspapers; I did not attend a single meeting, and then it took me 15 minutes to walk from my home to the voting place and cast my ballot. I knew the issues and I knew the man and I had confidence in him. I tell you that experience is repeated by millions of people during any general election.

There is no plunging into an election and running scared. I am not advocating an election now. I do not think it is necessary. I believe this issue can be decided in an entirely different way. We are deadlocked here in the house. This motion will do damage to parliament, to our free institutions, unless I am wrong and unless this evidence I have given to you is wrong. Unless most members on this side of the house are wrong, that will be the result.

Now then, what can we do to have the motion withdrawn? You say, we cannot have a filibuster. People will say it is awful and you must not do this talking; get on with the business. We are protecting the freedom of this institution, the rights of parliament and the freedom of our citizens. Our only method is debate in this House of Commons. What are we to do—get placards and go down to 24 Sussex street and say, "Dear Mr. Pearson, please remove this motion"? We are not going to indulge in fisticuffs. We do not want civil strife. The parliament exists for the very purpose of conducting debate in a reasonable fashion under fair rules. In my experience, if debate seizes upon the main issue you get clearly defined thoughts and at some stage something has to happen. During the defence production debate something happened. The statesman, Mr. St. Laurent, solved that problem.

The great conciliator, the world statesman, the man who can negotiate at the United Nations, in the commonwealth with any known nation and reach a settlement, will not negotiate with Canadian citizens. The hero abroad has become the tyrant at home. Outside the country he uses the methods of conciliation; but here the bulldozer, to ride roughshod over his fellow citizens and destroy this institution. Does this Prime Minister of ours want to go down in history as the only Prime Minister in Canada to strike at the roots of this institution? There are millions of people who would like to honour him in his role as world statesman, but what are they to think now?

I say to you, sir, we do not have to plunge into an election. The Prime Minister of this country could adopt his role of diplomat. He could talk to the Leader of the Opposition (Mr. Stanfield). These two men are officers of this House of Commons. In their custody, along with that of Mr. Speaker, rests the traditions and customs of this institution. Why cannot some compromise be worked out? I would not care if we were establishing another precedent. The hon. member for Winnipeg North Centre would be able to get that straightened out for us, and I speak these words kindly.

I would not mind if Prime Minister Pearson continued in office for the next five weeks. After all, he has had 50 years of service to his country. I would say to him, drop the motion and save parliament, save our freedom. In return, we will stop the debate. We will let you carry on for the next five weeks. We will finish up the essential business, supplementary estimates and interim supply certainly by the middle of March. Then, we could prorogue or adjourn, have the Liberal convention, select a new leader and the Prime Minister could retire with honour. Then, let the new leader come back here, open the house, perhaps bring in a budget to correct the financial and economic conditions of this country. I appeal to the Prime Minister. I appeal to the Liberal party. The Liberal party has a long and honourable history. What party fought for responsible government, for free speech, for representation by population—the Liberal party. This is the party that represented freedom in the nineteenth century. It was not a party of expediency and a party of power, as it is now. I appeal to the Liberal party to do for this parliament and for this country what their forefathers did for Canada in the nineteenth century. That is the issue as I see it. I say this can be done, and it can be done by negotiation without the country being forced into a vote, or saddling us with a precedent which will sap the vitality of this institution. That, sir, is the case as I see it.

• (9:50 p.m.)

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, circumstances have made it necessary to postpone the business of the house for a few days due to application of rules and procedures which should be amended. The Canadian people want more than sterile debates between politicians who seem to seek the best opportunity to consolidate the future of their party instead of the country's. It is to be hoped, at least, that the precedent which will undoubtedly be created will have satisfactory results in the orientation of the procedural changes which are necessary.

We are now witnessing a debate brought about by a lack of observation on the part of the Liberal team, which does not seem to realize that the Canadian citizens are already burdened by various taxes which lead the wiliest of them to use various means to get around the existing regulations.

The present circumstances allow me to add that the corrupt financial system tolerated by our politicians and to which they adapt themselves has greatly contributed to incite citizens to find means of avoiding, as much as they can, the heavy taxes overburdening them.

Our tax-happy politicians are largely responsible for this state of affairs as far as a sense of responsibility, honesty and integrity in relationship among individuals is concerned. The taxing system contributed—I repeat—to bring citizens to use their imagination in order to find means of keeping their earnings, either by falsifying their income tax return, or by devising various statements which, in their opinion, could somewhat lessen the pressure brought to bear by tax-happy people of all kinds.

Everywhere one feels the pressure exerted by those who seem to take particular care to protect the system which established this way of thinking according to which taxation exists since the world was created, and the partisans of this group are already inclined to believe they are immortal. That probably explains in part the absence of a great many members in the house on February 19, 1968, and the provocative attitude of the Minister of Finance (Mr. Sharp), docile follower of the system, who seemed anxious to register his vote in favour of the clique of financiers who force him to empty the pockets of the Canadian people by all sorts of tricks, in order to maintain his reputation as a great treasurer. Unfortunately for him and for the big-wigs of finance, on the evening of February 19, it happened that the majority of the representatives of the people present in the house thought of the workers and the taxpayers, who are generally not too well off and who can no longer stand these constant drains on their pockets. This is what brought about a vote against the passing of Bill No. C-193.

This is a triumph over the dictatorship of high finance, which too often has had the

upper hand, and all Canadians should be proud of such a feat. Unfortunately, this is not what is happening. Now a good many members of the team which brought off this feat of strength, no doubt in the heat of victory, seem to be struck down with electoral hysteria and are demanding that an election be called. Having succeeded in saving Canadian taxpayers a few million dollars, they would impose on them over a billion dollars in expenses. The partisan spirit, which had been lying low for some time, after two or three consecutive general elections which have worsened things instead of improving them, is suddenly revived and there is a danger of losing the benefits of our victory in a decision that owes more to love of party than love of country. They would have a general election which would force Canadians to take part against their will in the politicians' game: discussions, lies, attacks, contradictions, promises, denigration, demagoguery and all that an election campaign entails. We have seen, in the past, what some politicians are capable of when they want to accede to power.

If the majority of those politicians who are eager for elections had at least some sense of sportsmanship, they would admit that the opponent must be allowed to get up after having been momentarily disabled. I do not have too much sympathy either for the team that is too readily upset.

The members of the Ralliement Créditiste never forget the many blows below the belt struck by certain members of their team, who do not always respect the rules of honesty which should exist during elections as well as at any other times. Still, vengeance is never a good adviser, and I feel that any human being who is conscious of his duties—

Mr. Lambert: Ten o'clock.

Mr. Dionne: Mr. Speaker, may I point out that it is ten o'clock?

[*English*]

Mr. MacEachen: Mr. Speaker, I was going to suggest that if there was agreement we might carry on for a further period.

Some hon. Members: No.

Mr. Speaker: Obviously there is not agreement. It being ten o'clock this house stands adjourned until two thirty o'clock tomorrow afternoon.

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

HOUSE OF COMMONS

Wednesday, February 28, 1968

The house met at 2.30 p.m.

[*Translation*]

FINANCE

REPLACEMENT OF AMOUNT INVOLVED IN DEFEATED MONEY BILL

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a question.

Mr. Speaker: Order, please. The hon. member might perhaps wait till I call orders of the day.

Mr. Grégoire: Mr. Speaker, I apologize; I was not taking any chances.

On the orders of the day:

Mr. Grégoire: I should like to put a question to the hon. Minister of Finance.

Can he tell us if his department has reached a decision concerning the new legislation to replace Bill No. C-193, and does he intend to make a statement in this regard today?

Mr. Speaker: The question of the hon. member is obviously very interesting but I suggest to him that it is somewhat too closely related to the debate now in progress and should therefore not be asked at this time.

Mr. Grégoire: Mr. Speaker, I rise on a point of order. I know that, even before I put a question, you find it difficult to accept that a few questions be put today as they were yesterday.

I would like to point out, on my point of order, that precisely my question is not relevant to the debate but can influence it. Moreover, the minister cannot speak in this debate, and that is why we want some information.

Mr. Speaker: Order.

Mr. Grégoire: May I ask the Minister of Finance whether he intends to make a statement before the vote of confidence concerning the measures—

Mr. Speaker: I do not think that this question can be put now, because it relates too closely to the current debate.

Mr. Grégoire: Then, if you will allow me, Mr. Speaker, I will put my question differently, in such a way that it will have no relation to the debate.

Can the minister tell the house whether, in the new measures he intends to take, there will definitely be no increase in the income tax.

Mr. Speaker: That question could be put later. I do not think it is acceptable at this time.

INCOME TAX

INQUIRY AS TO COMPLAINTS RESPECTING FORMS

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Then, Mr. Speaker, I should like to put a question to the Minister of National Revenue.

Can he tell us whether he has received complaints about personal income tax forms which are becoming more and more complicated and whether he intends to take corrective action?

Mr. Speaker: I do not wish to interfere, but the hon. member will agree once again that this question is not urgent and that, moreover, in the present circumstances, the house is most anxious to resume consideration of the motion now before it. For that reason, I cannot allow this question to be put at this time.

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

Your rulings seem to be made in view of the present debate. In my opinion, this should not enter into consideration, because the debate—

Mr. Speaker: I do not think the question is urgent and, furthermore, the ruling of the Chair in such a case is not subject to discussion.

NATIONAL DEFENCE

NATO—INQUIRY AS TO POSSIBLE CHANGE IN CANADIAN COMMITMENTS

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would like to put another question to the hon. minister of defence along the lines of those allowed earlier.

Inquiries of the Ministry

I wish to ask the hon. minister of defence whether the new agreements concerning our Canadian troops stationed in Germany which are about to be concluded with that country will require Germany to pay for part of the maintenance cost of our troops, as is the case in England at present?

Mr. Speaker: The hon. member may put questions, but he cannot insist to obtain a reply.

BILINGUALISM AND BICULTURALISM

INQUIRY AS TO FURTHER REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, during the regular question period, I do not often put questions, but today I should like to put a question to the right hon. Prime Minister.

Can he tell us when he intends—

[*English*]

Mr. Nielsen: I rise on a question of order, Mr. Speaker.

Mr. Speaker: Order. I wonder if the hon. member would allow the hon. member for Lapointe to finish his question.

Mr. Nielsen: I have a point of order now. When Your Honour called "Orders of the day" the Clerk called order No. 68 from the table. It seems to me this precludes any further business, having reached this motion.

Mr. Speaker: Although I have much sympathy for the point of order raised by the hon. member, I must recognize that we are following the usual practice and the hon. member for Lapointe had been up even before we reached the point when the Chair called "Orders of the day". I think perhaps I will allow him to ask this question.

[*Translation*]

Mr. Grégoire: Mr. Speaker, why would it be my last question? We are allowed thirty minutes and we still have 25 left.

I want to put my question to the right hon. Prime Minister. Could he tell us when he will receive the second volume of the Laurendeau-Dunton report on bilingualism and biculturalism?

Mr. Speaker: The hon. member has already asked this question. I do not think it is urgent. If the hon. member wanted to ask a really urgent question, he could do so, but he will agree with me that he can put it tomorrow, which will greatly facilitate the business of the house.

Mr. Grégoire: In that case, Mr. Speaker, I see only one solution: I must desist.

• (2:40 p.m.)

[*English*]

HOUSE OF COMMONS

MOTION RESPECTING HOUSE VOTE ON BILL C-193

The house resumed, from Tuesday, February 27, consideration of the motion of the Prime Minister:

That this house does not regard its vote on February 19th in connection with third reading of Bill C-193, which had been carried in all previous stages, as a vote of non-confidence in the government.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, when we adjourned last night I was giving an explanation of the position of the Ralliement Créditiste regarding what happened in certain election campaigns and I was in good spirits at that time, for I said that it was never a good thing to be guided by revenge. Indeed, I think that any human being who is conscious of his duties and responsibilities must try and show that he can forgive, on occasion, the errors of political judgment of some men who sometimes forget that interest of country must supersede interest of party.

At any rate, we of the Ralliement Créditiste are happy with the results of the vote taken on Monday, February 19, and are appealing to the spirit of solidarity of the members of this house to continue to display this co-operative spirit, which would allow us to force those who impose taxes, no matter of what political party, to retreat in the face of a nation already taxed, retaxed and overtaxed, and together we shall find the means of administering the country without overimposing on the taxpayers, who require their incomes for their needs and those of their dependents.

We should be able to find ways of managing the country and keeping, in the first place, a close watch on extravagant and often needless expenditures for national defence or travelling expenses. But at the same time, we should act as responsible representatives of a sovereign parliament whose duty it is to exert a control on the people who manipulate money and credit, instead of victimizing the

people of Canada with a taxation system under which most of the money collected is used to pay interest on a public debt which has been growing faster than the country has been developing. One would be justified in calling this sheer madness.

A well-balanced taxation system should take into account the needs of the people of this country, since it has been recognized that an income of $5,000 a year at least is necessary to support a family with 4 or 5 children. Why then do we set the taxation base at $2,000? This is poor judgment indeed. The thing is to establish a base which would at least allow people to breathe, and some useful work could be assigned to a strong team of officials and investigators of various categories instead of trouble being caused to everybody. Through this system, we have created a climate of suspicion under which half the Canadian people watch the other half.

Under a normal situation in which legislators would see to it that legislation is geared to the common good instead of taxing everybody, debates on questions of confidence and non-confidence would be avoided. Our newspapermen could probably write more interesting items and everyone would be all the better for it.

Those who call for an election when the opponent is floored, show much greater fear than self-confidence. They are afraid perhaps that the effect of a deliberately boosted publicity, with the help of a press which seems to have been handsomely rewarded, is about to vanish in the face of reality.

As for me, my vote in the house has never been determined by fear that the government might be defeated, but rather by the interest of Canadians and all the taxpayers of this country.

I had the privilege to be present in the house when the vote on a motion for third reading of Bill No. C-193 was taken. Besides, I have always thought that the electors in the Kamouraska constituency would appreciate the fact that their representative tries to be present at the right time. I add that it was on that occasion the most agreeable kind of vote that a member could record.

I know a great number of workers faced with the complexities of income tax returns and I mention namely the Canadian people employed in American territory who have to file three income tax returns in order to meet the requirements of the present tax collection system.

Are we aware of all those problems, and I emphasize here, in passing, the difference between the mechanism of collection and reimbursement under various legislation and regulations. All the Canadian workers employed in the states of Maine and New Hampshire cannot receive unemployment insurance benefits. A compensation legislation would have to be implemented. The system operates late and the worker benefits from nothing.

But when it comes to the implementation of the Income Tax Act, the same worker will have to fill out three returns if he resides in the province of Quebec: one in the United States, one for the federal taxes and another for the Quebec taxes, even if he has not received any salary in Canada. It is really a shame to see a system which always keeps the lumberjack under pressure while he has to earn his living with difficulty.

In view of the inflexibility and the limitations imposed by the enforcement of the Income Tax Act and regulations, and taking into consideration the statements made by the Prime Minister (Mr. Pearson) and his colleagues, the Minister of Justice and the Minister of National Revenue (Messrs. Trudeau and Chrétien) with regard to the reimbursement of amounts collected under Bill No. C-193—without questioning the value of the already mentioned statements—we believe that it is in order, to avoid any inconvenience, that an amendment be moved to the motion under discussion.

• (2:50 p.m.)

Considering that the sum to be reimbursed or credited amounts to more than $20,000,000 and considering the complications involved in the application of the standing rules, we believe it proper to introduce an amendment to the motion, to make it abundantly clear.

I have the honour to move, seconded by my colleague the hon. member for Lac-Saint-Jean (Mr. Simard):

That the motion be amended by adding immediately after the word "government" the following words: And that the government will not present again the said bill in this current session, and that it will credit the Canadian taxpayers with all the sums that have been collected since January 1, 1968, in anticipation of the provisions of Bill No. C-193.

Mr. Speaker, I have copies in English and in French of this amendment. Could I proceed with my remarks, Mr. Speaker?

Mr. Speaker: Has the hon. member concluded his remarks?

Mr. Dionne: No, Mr. Speaker.

I noticed during this debate that several members took part in it in order to discuss various matters and I believe that it was quite in order—the debate was always in order anyway—to deal with constitutional questions, with rules, but you may recall that last night, I did mention that the main cause of the present debate was the fact that Bill No. C-193 dealt with a taxation matter.

I believe that it is not altogether practical in the present circumstances to labour questions dealing with rules, except to try to improve them. However, in regard to this question of constitutionality and of rules that arise therefrom, it always was and still is a matter of determining, as between those involved, who is going to have the greatest taxing powers. One does not have to be a wizard to realize that this problem is above all a financial one.

There is no question of being discouraged about it. As intelligent people, I believe it is possible for us to find some solution, to face the situation clearly and realistically.

I admit that all those writers and politicians, who are complicating the problem by talking about the repatriation of the constitution or the drafting of a new one, succeed sometimes in showing us their ability to deal with the subject, even to launch elections upon this matter. It is merely a play on words.

However, it would be far more important to try to reform the system which led to most of the difficulties we are facing. Nobody, even one with a string of academic degrees, would dare argue that the constitution is responsible for thousands of Canadian families living in misery in slums; it is not the fault of the constitution that schools are sometimes forced to turn away willing students for lack of space and money to build.

Who would argue logically that the poor conditions in which too many families are living, due to an inadequate income and which the Minister of Finance (Mr. Sharp), because of the propensities of the system, continues to tax to the limit, who would argue logically, I repeat, that this is a constitutional problem? It is a problem involving goods and needs, a problem involving the means of distribution of goods and existing wealth.

Let us quit beating around the bush; Canadians of all origins will get along better together when they have equal opportunities.

[Mr. Speaker.]

I feel that we should aim for a type of levelling system, restore equal purchasing power, and strive to build a world with real aspirations for happiness by giving everyone the opportunity to meet his basic requirements.

Let us first of all give back to the government the control over money and credit and, then, we can talk of the sovereignty of parliament; the solution to constitutional problems will be easier to achieve.

Canadian citizens and visitors to our country will then be able to speak of liberty at home without unnerving the puppets controlled by the system which uses every means at its disposal to prevent real liberation.

Our early history abounds with accounts of our struggles and our resistance to the pressures exerted by friendly countries that did not always understand our aspirations but which realize today that our survival played an outstanding part in the evolution of Canada. Each one of us must assume fully his responsibilities to prevent such divisions as might keep us from becoming what we should really be: a united people in a free country.

Mr. Speaker, before bringing my remarks to a close, one word about the notorious taxation problem. Could it be that most of the representatives in this house have come to the conclusion that this notorious system cannot be changed?

Do we really believe that it is natural to think that the armies of brave men who brought the cross, the plough and the civilization to the forests of Canada, as well as their successors, who for three centuries, improved agriculture, built modern towns with the road system which we know, will have toiled and sweated on the Canadian soil to leave to their descendants an heritage of debts, of taxes and privations? Let us make an effort to get out of these ridiculous social conditions which allow misery to exist in the midst of plenty.

[*English*]

Mr. Speaker: I wonder if hon. members may have comments to make on the amendment which has been proposed by the hon. member, from a procedural standpoint. Perhaps I should read the amendment first.

[*Translation*]

Mr. Dionne, seconded by Mr. Simard, moved:

That the motion be amended by adding immediately after the word "government" the following words: And that the government will not present again the said bill in this current session, and that

it will credit the Canadian taxpayers with all the sums that have been collected since January 1, 1968, in anticipation of the provisions of Bill No. C-193.

Does the hon. member for Mégantic wish to enlighten me with regard to this amendment?

[*English*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I have a few citations to offer from Beauchesne's fourth edition with respect to this amendment proposed by the hon. member for Kamouraska. I acknowledge that the indications given in this respect by the government yesterday, particularly by the Minister of Justice, were quite explicit.

Mr. Speaker: Order, please. The hon. member must speak to the point of order.

Mr. Langlois (Mégantic): Mr. Speaker, is this a point of order or is it an explanation of the amendment?

Mr. Speaker: It is a point of order. I have serious doubt whether this amendment is in order, and I wondered whether the hon. member wanted to speak to the point of order as to whether the amendment is acceptable from a procedural standpoint. This is the only matter now before the house.

Mr. Langlois (Mégantic): I quite agree, Mr. Speaker, and I will now come to the point. My first citation is from page 168 of Beauchesne's fourth edition. It is citation No. 201:

The object of an amendment may be to effect such an alteration in a question as will obtain the support of those who, without such alteration, must either vote against it or abstain from voting thereon—

And there has been an indication that there will be abstentions from the vote on the motion.

—or to present to the house an alternative proposition either wholly or partially opposed to the original question.

The purpose of this is to gain the support of those who, without such an alteration being made, must either vote against a question or abstain from voting.

Mr. Fulton: Would the hon. member permit a question? In view of the citation he has just read, do we take it that if the amendment is not carried, or is ruled out of order, my hon. friend and his associates will vote against the motion?

• (3:00 p.m.)

Mr. Langlois (Mégantic): I never stated such a thing, Mr. Speaker. I do not know on what hypothesis the hon. member for Kamloops bases his far fetched idea in this regard. I am trying to solve some of the problems of his party.

Mr. Speaker: Order, please. I suggest that the hon. member return to the point of order.

Mr. Langlois (Mégantic): If I may be permitted to do so, I should like to continue. I hope if anyone else has a contribution to make he will do so by addressing himself to the Chair after I have finished. Citation 203 (1) of Beauchesne's fourth edition states:

It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the house the question or amendment as amended would be intelligible and consistent with itself.

I think this is quite the case.

The law on the relevancy of amendments is that if they are on the same subject matter with the original motion, they are admissible, but not when foreign thereto. The exceptions to this rule are amendments on the question of going into supply or ways and means.

May I continue by quoting citation 426 of Beauchesne's fourth edition at page 290:

In order to give legal force to a bill, or, in other words, make it a statutory enactment, the following legal and constitutional conditions are imperative:

(a) That the bill has passed through all its stages in both houses and is consequently ready for the royal assent. If it should receive the assent of the Governor General and be afterwards discovered not to have passed its proper stages in both houses or be otherwise not in conformity with the constitutional procedure governing such cases, it is so much waste paper.

In view of the bill having been defeated, all that is being attempted by this amendment is to avoid a waste of paper and provide some help to those members who are undecided as to the way in which they might vote.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, the purpose of an amendment may be to add, clarify or delete something from a main motion. In the present case, I think that its purpose is to clear it up, and any amendment designed to clarify a main motion is surely in order.

The main motion reads as follows:

That this house does not regard its vote on February 19 in connection with the third reading of Bill C-193, which had carried in all its previous stages, as a vote of non-confidence in the government.

What does this mean? That Bill No. C-193 can be reintroduced as early as tomorrow, since the vote is not to be regarded as a vote of non-confidence? This raises questions in the minds of many people, namely the hon. member for Winnipeg North Centre (Mr. Knowles) who made the same objections. The question is whether or not it is a vote of non-confidence. Does it mean that the government has the right to reintroduce the bill? The amendment, as worded, stipulates that it should not be reintroduced during the present session by the government. This does not mean that the government is committed indefinitely, but only for the current session. That point is cleared up.

The mention that Canadian taxpayers will be credited with all the sums already collected also clarifies the main motion, because before last Monday's vote, the government had seen fit to collect taxes since January 1, even though the bill had not been passed by the house.

If that amendment is defeated, it could mean that what the government has done since January 1 up to last Monday was quite correct.

So I think that an amendment to clarify a main motion cannot be rejected. Does that depart from the principles of the main motion? No, since the main motion clearly indicates that there has been a vote on third reading of Bill C-193. The amendment adds that the government will not present again the said bill in this current session, under the other rule which says that a matter once it has been disposed of cannot be revived for a second vote, either directly or indirectly.

The amendment also clarifies the main motion concerning the costs of refunds since it implies not only a tacit but a formal acknowledgment of the fact that the vote did not constitute a vote of non-confidence, but purely and simply a vote of disapproval of an increase of the income tax. That is what we want to clarify.

That is why I doubt that the amendment on the main motion can be rejected in any way whatsoever.

Mr. Speaker, I believe that is the crux of the problem. That is why I ask that the amendment be accepted as it stands.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, just one word on the amendment moved by the hon. member of Kamouraska (Mr. Dionne) which reads in part as follows:

> —that the government will not present again the said bill in this current session, and that he will credit the Canadian taxpayers of all the sums that have been collected, in anticipation of the dispositions, that were to be provided for, in Bill (C-193) since January 1st 1968.

Now, you will notice, Mr. Speaker, that this amendment is directly related to what the Minister of Justice (Mr. Trudeau) said yesterday when he stated that the government would not present again—

Mr. Speaker: Order. Whether the amendment relates or not to what the Minister of Justice (Mr. Trudeau) may have said has has nothing to do with the point of order now before the house.

Mr. Caouette: Mr. Speaker, you suggest that the amendment is related to the motion and, yesterday, when the Minister of Justice spoke of the motion we wanted to amend, he spoke of it in those terms. He was not called to order, because he was in order and if the Minister of Justice was then in order, I do not see how today a similar motion or similar comments could be called out of order with respect to a motion which we will soon be asked to pass. Now I suggest, Mr. Speaker, that you consider what the minister said yesterday about the motion before deciding whether the amendment now under consideration is acceptable.

Mr. Speaker: I thank the hon. members for their comments on the amendment proposed by the hon. member for Kamouraska (Mr. Dionne).

[*English*]

I have looked at the amendment, and the only difficulty I have is in ascertaining whether this amendment is relevant to the motion which it seeks to amend. Hon. members have suggested that the proposed amendment is intended to give an interpretation, or clarification of an interpretation, of the motion which is before the house. Hon. members wish me to interpret this motion in one way or another, the hon. members will appreciate that I am not all that anxious to do this.

In my view the motion which is before the house is very clear from a procedural standpoint. If we remove the frills it means only one thing; that is, that this house does not

regard its vote as a vote of non-confidence in the government. This is the essence of the matter which is before us. It seems to me that the conditions or explanations which are sought by the hon. member through his amendment do not relate to the essence of the motion which is before the house.

I should like to refer hon. members to the leading citation on this point. I have reference to citation 203 (1) of Beauchesne's fourth edition, which reads in part as follows:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed.

[*Translation*]

I take the liberty of asking the hon. members to refer to the same citation of Beauchesne's fourth edition, that is paragraph 5 and I quote:

> An amendment was ruled out because it raised a new question which could only be considered on a distinct motion after notice.

That amendment is very similar to that moved by the hon. member for Lapointe (Mr. Grégoire) a few days ago. After consideration, I had ruled that it raised a new proposition and that such an amendment could only be placed before the house by way of a substantive motion with a notice required by our standing orders.

For all those reasons, I do not think that I can accept the amendment of the hon. member.

• (3:10 p.m.)

[*English*]

Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Pearson) which was agreed to on the following division:

Division

YEAS

Messrs:

Addison
Allmand
Andras
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Béchard
Beer
Benson
Berger
Blouin
Boulanger
Brown
Byrne
Cadieux
Cameron (High Park)
Cantin
Caouette
Caron
Cashin
Chatwood
Choquette
Chrétien
Clermont
Comtois
Côté (Dorchester)
Côté (Longueuil)
Côté (Nicolet-Yamaska)
Cowan
Crossman
Davis
Deachman
Dionne
Drury
Dubé
Duquet
Émard
Ethier
Faulkner
Forest
Foy
Gauthier
Gendron
Godin
Gordon
Goyer
Granger
Gray
Greene
Groos
Guay
Habel
Haidasz
Harley
Hellyer
Honey
Hopkins
Hymmen
Isabelle
Jamieson
Klein
Lachance
Laflamme
Laing
LaMarsh (Miss)
Langlois (Chicoutimi)
Langlois (Mégantic)
Laniel
Laprise
Latulippe
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Lind
Loiselle
Macaluso
Macdonald (Rosedale)
MacEachen
Mackasey
McIlraith
McLean (Charlotte)
McNulty
McWilliam
Marchand
Martin (Essex East)
Matheson
Matte
Mongrain
Morison
Munro
Neveu
Nicholson
Nixon
Noël
O'Keefe
Olson
Orange
Otto
Ouellet
Pearson
Pelletier
Pennell
Pepin
Pilon
Prud'homme
Racine
Reid
Richard
Rideout (Mrs.)
Robichaud
Rochon
Rock
Roxburgh
Ryan
Sauvé
Sharp
Simard
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay
Trudeau
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Winters
Yanakis—138.

Division

NAYS

Messrs:

Aiken	Lambert
Alkenbrack	Lewis
Allard	Loney
Asselin (Charlevoix)	MacDonald (Prince)
Baldwin	MacEwan
Ballard	MacInnis (Cape Breton South)
Barnett	MacInnis (Mrs.)
Beaulieu	MacLean (Queens)
Bell (Carleton)	Macquarrie
Bell (Saint John-Albert)	MacRae
Bigg	McCleave
Bower	McCutcheon
Brand	McKinley
Brewin	McLelland
Cadieu	McQuaid
Cameron (Nanaimo-Cowichan-The Islands)	Madill
Cantelon	Mandziuk
Caston	Martin (Timmins)
Chatterton	Mather
Churchill	Monteith
Clancy	Moore
Coates	More
Code	Muir (Cape Breton North and Victoria)
Crouse	Muir (Lisgar)
Danforth	Nasserden
Diefenbaker	Nesbitt
Dinsdale	Nielsen
Douglas	Noble
Enns	Nowlan
Fairweather	Nugent
Fane	Orlikow
Fawcett	Ormiston
Flemming	Pascoe
Forbes	Patterson
Forrestall	Peters
Fulton	Prittie
Germa	Pugh
Gilbert	Rapp
Grafftey	Régimbal
Grégoire	Ricard
Grills	Rynard
Gundlock	Saltsman
Hales	Schreyer
Hamilton	Scott (Victoria (Ont.))
Harkness	Sherman
Hees	Simpson
Horner (Acadia)	Skoreyko
Horner (The Battlefords)	Smallwood
Howard	Smith
Howe (Hamilton South)	Southam
Howe (Wellington-Huron)	Stanfield
Irvine	Starr
Johnston	Stefanson
Jorgenson	Thomas (Middlesex West)
Keays	Thompson
Kindt	Valade
Knowles	Wadds (Mrs.)
Korchinski	Watson (Assiniboia)
	Webb
	Winch
	Woolliams—119.

• (3:50 p.m.)

Mr. Speaker: I declare the motion carried.

[Mr. Speaker.]

Mr. McIntosh: Mr. Speaker, I announced in the house yesterday those reasons which prevented my voting either for or against this motion.

Mr. Herridge: I was paired with all those Canadians who are very worried about the effects of an immediate dissolution of parliament.

Some hon. Members: Shame.

UNEMPLOYMENT INSURANCE ACT

MEASURE TO BROADEN COVERAGE

The house resumed from Friday, February 16, consideration of the motion of Mr. MacEachen [for Mr. Nicholson] for the second reading of Bill No. C-197, to amend the Unemployment Insurance Act.

Mr. Speaker: Order, please. When this item was last being considered the hon. member for Compton-Frontenac (Mr. Latulippe) had the floor.

[*Translation*]

Mr. Latulippe: Mr. Speaker, I had completed my remarks.

[*English*]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, after what has happened in the last few days our discussion on Bill C-197 will bring about a change of pace. Nevertheless, the subject matter of this bill is of tremendous interest to those seeking to collect unemployment insurance benefits.

This bill seeks to increase insurance benefits. At the same time many in this country think that some problem areas in connection with employment and unemployment insurance need correcting. For instance, in my area—and I understand that this is so in many other areas—many unemployment insurance offices have closed. They have moved to larger centres and in those centres, with the help of computers and so on, many individual unemployment insurance commission services have been amalgamated. The result is that in my area there is no qualified staff to help applicants file claims for unemployment insurance benefits. Also, there is no one to help with appeals, which have to be conducted at arms length with offices that are many hundreds of miles away. The department says that this is temporary, and that the

situation will be corrected. We are to have provincial centres where facts will be stored on an I.B.M. tape and where the entire operation will be taken over by computers.

The Liberal government did a great disservice to Canada when on the one hand, in choosing men for the cabinet it made choices on the basis of their interest and, in some cases, their ability, and then, on the other, established separate departments for manpower and for labour, thus giving one minister authority over employment and another authority over unemployment insurance matters. In my opinion I have never seen a more stupid action taken. It means that a guy can apply for benefits but that he need not necessarily apply for a job.

Mr. Nicholson: On a point of order. I hope the hon. member realizes that that change was made nearly one year before the Department of Manpower and Immigration came into existence.

Mr. Peters: I agree about the time when the decision may have been taken, but I think the minister will agree that the initial intention was to have two separate departments. Why, they are not even speaking cousins any longer. Originally the functions of both departments were included in the Department of Labour. As a matter of fact, in my area both these departments were in the same building. It was possible for the unemployment insurance people to make sure that applicants had registered for jobs before being entitled to benefits under the Unemployment Insurance Act. Now the departments have been separated and they are in totally different areas. There may have been reasons for the separation, but I cannot think of them and I am not impressed by the way they operate separately.

I agree that if the Canadian labour force is to be increased by immigration, the Department of Manpower and Immigration will be involved in making it possible for people to work in Canada. Nevertheless, those who are in Canada and become unemployed will seek benefits, but this is unrelated to immigration. I am surprised that other members of parliament have not objected to the total separation of the functions carried on by the Departments of Labour, and Manpower and Immigration. So total is the separation in my area that the people in the manpower centres are not allowed to assist in the filing of benefit applications or appeal applications. They have been told by the minister to stay out of that field totally. I have found that a person can walk into a Farm Credit Corporation office, ask for assistance, and get assistance from a civil servant in filling out a simple form. Similarly, he can go to his member of parliament or his minister for assistance with any problem.

• (4:00 p.m.)

Officials of the manpower centre have made it known, however, that they will not even help these people fill out the necessary form. They will not provide that common courtesy. The Minister of Labour (Mr. Nicholson) appears to be very touchy about this, indicating that he is well aware of the difficulties which have developed in connection with unemployment insurance. The point has been reached at which consideration is being given in my area, as in others, to appointing a person who will assist applicants for benefits in all those areas where there are no offices at the present time. Everyone knows that among the 500,000 who are unemployed today there are a great many who are looking simply for labouring jobs, and who do not have the education necessary even to be eligible for a retraining program.

I admit that the training programs have done a great deal of good. But in my opinion a profound disservice was done when this scheme was taken out of federal jurisdiction and placed entirely under provincial jurisdiction, with the result that the federal government has nothing to say with regard to it and nothing to do except contribute the necessary funds.

The closing of unemployment insurance offices in so many areas has made it impossible for men of little education to appeal against decisions taken by the Unemployment Insurance Commission, particularly since it involves the completion of a form in writing. What shocks me is that we are proposing to amend the act without giving any consideration to this problem which, in my view, is a really important one. Consider the difficulty facing a man who wishes to make an appeal in my own area. No longer is there an office in the tritown district or at Kirkland Lake. It is necessary to go to Timmins in order to make an application, and Timmins is 130 miles from the tritown area. Most of the people there are unable to travel to the Timmins office in order to lodge their appeals and for this reason they either write to their members of parliament or give up their possible right to benefit.

The time has come to examine what we have done. I agree with the minister that it is more than a year ago that we decided to separate the two departments. I believe the National Employment Service has been working well and that it has done great things. I know that in my own area we were able to use persuasion in some cases and the big stick in others so as to increase the volume of hiring through the National Employment Service. People seeking work were able to go to the office to fill out their application forms and in many cases they found there was employment available to them; they did not file for benefits but took advantage of the opportunities offered to them.

The Minister of Labour has travelled across the country making a number of speeches about unemployment insurance. Mr. Speaker, I have received about 1,000 letters from teachers who believed it was the intention to revive the old chestnut which the hon. member for Essex East (Mr. Martin) used to talk about as a private member, that is, combining unemployment insurance with the tax structure in such a way that civil servants and others in similar jobs would pay into the fund.

Nobody was saying—and the minister did not say—that unemployment insurance benefits would be paid to civil servants. No, all they would do would be to pay money into the fund so that somebody else could get the benefit. This is not an insurance program. It could not be actuarially sound, because people paying into it would have no chance of receiving benefit. The only intention behind this proposal was that more money should flow in by way of revenue. Why was more revenue needed at the time this proposal was made by the hon. member for Essex East? It was needed because, in a period of recession, the fund was being depleted much faster than revenue was coming in. I believe the fund had fallen from about a billion dollars to within $100,000 of a deficit position.

The depletion of the fund was accelerated by the inclusion of two categories of workers on an actuarial basis which was not sound —categories which should not have been covered for the reason, though this time in reverse, that the civil servants are excluded. Coverage was extended to fishermen, who obviously cannot fish for half the year because of weather conditions, and to bush workers who in my opinion should have been covered in a totally different manner. Then again, coverage is available to construction workers.

[Mr. Peters.]

Many people objected to the coverage of construction workers on the ground that they might be able to earn as much as $15,000 in six months of the year. Nevertheless they are eligible for benefit during the other six months when work is not available because of adverse climatic conditions; unemployment insurance benefit was granted as a sort of beer money. As for the fishermen, the amount they earned had no relationship to the benefits they were eligible to receive. They were in the same class as others who were covered as insurance risks, not as a sure thing.

I mention all this in the light of the discussions which have taken place on the question of unemployment insurance in recent days and the concern felt by the teachers in the light of the minister's statements. It is my belief that the minister was flying a kite to ascertain the reaction of the country to this proposal. Some suspect that changes are contemplated of a kind which would change the nature of the fund entirely. No longer would it be an insurance fund, but it would be a fund of a totally different class, probably working toward the establishment of a guaranteed minimum wage.

• (4:10 p.m.)

I am totally in agreement with the proposal to establish a guaranteed annual income program. I think the country is prepared to support the principle of such a program. In the next election the people should be asked how extensive they think such an income should be, and at what level we should correlate our welfare programs with a guaranteed annual wage. However, so far as I am concerned if a guaranteed annual wage is introduced, applying to farmers and other workers alike, I believe there will still be a role for the unemployment insurance fund to play. There will be a gap between the amount of the guaranteed annual wage and the full amount of a worker's earnings when he is employed.

A man earning $10,000 a year in a construction job should be permitted under an actuarially oriented program to provide himself with unemployment insurance income during his periods of unemployment. Construction is an industry which is subject to periodic change and there will always be times of unemployment in it.

Some people say that in the foreseeable future, due to the influence of automation and technocracy, a worker may change his occupation five times during his lifetime. If this be so, and if his retraining is provided by the

nation, then it seems to me there should still be an unemployment insurance fund upon which he could draw to maintain his income at the same standard throughout his retraining as when he is employed.

I started contributing to the unemployment insurance fund when it was originally established. At that time I was employed in an industry that worked 365 days a year. It was an industry in which there was very little unemployment. In fact we were anxious to get our employment hours reduced to a reasonable level of 48 hours a week, and it took many years to get them down to 56 hours a week. Although in the gold mining industry we were not subject to the normal risks of unemployment, yet we were quite happy to be covered by unemployment insurance. There was the risk that a gold mine would close down on some occasion. There was a risk with respect to the age factor of miners.

But, Mr. Speaker, I am violently opposed to the proposal to bring people under the unemployment insurance fund who are in absolutely no danger of becoming unemployed. I do not see a teacher becoming unemployed for many years to come. I do not see a doctor becoming unemployed for many years to come. I do not see nurses becoming unemployed for many years to come. I do not see civil servants ever becoming unemployed. As members of parliament, when we will no longer be serving any useful purpose I am certain that when we find ourselves unemployed there will still be civil servants to hand out the dole, and to keep track of other civil servants engaged in that work. The history of the last depression indicated that if ever there were people who were not going to become unemployed, it was the civil servants of that day.

Changes are going to be made in the Unemployment Insurance Act. I think some of the changes should be major ones, but I disagree with the change made by the Minister of Labour when he gave up half his department, that controlling the Unemployment Insurance Commission being retained, and the National Employment Service being transferred to his colleague, the Minister of Manpower and Immigration (Mr. Marchand), who transferred it to the national manpower centres.

I maintain that those who are providing unemployment benefits also have a responsibility to try to provide jobs. I do not like to see a manpower centre in one city and an unemployment insurance office in another. Being separated, they cannot provide satisfactory service to the people who need work. The people now offering jobs never see the unemployed. So far as the employers are concerned, the unemployed do not exist. People staffing the manpower centres do not know the number of unemployed unless they read the D.B.S. statistics, because the unemployed no longer stand outside their offices or pass through them once a week.

The amendment which we are now being asked to pass is a minor one, and I think it will receive the support of all hon. members. Since we are increasing our standard of living by increasing our wages it is only proper that the benefits paid should be in keeping with the contributions made by the workers. However, I urge hon. members to consider seriously the weakness we have created by dividing the functions of the National Employment Service and the Unemployment Insurance Commission.

The National Employment Service and the Unemployment Insurance Commission are now administered by two separate departments, and I have been shocked to hear reports from some officials in both these departments stating that they have been given instructions that there is to be no co-operation between the two departments. The reason given is that if there is co-operation, then the divorce of functions between the two departments will not have been completed.

We have watched the government's machinations with respect to the Wheat Board. From time to time members of the cabinet have asked themselves, "Who among us has a little knowledge of the Wheat Board"? To them it does not matter if the Wheat Board comes under the administration of the Department of Finance, the Department of Trade and Commerce or the Department of Agriculture. Responsibility for that board has been shifted from department to department, and this is not a good thing.

I maintain that the responsibility for the manpower centres and the Unemployment Insurance Commission should not have been divided. In practice it is not working out, and I think that hon. members who have had experience with unemployment insurance matters should give the minister the benefit of their advice. This division of responsibility was a ridiculous change which should not have occurred.

Unemployment Insurance Act

• (4:20 p.m.)

So far as I am concerned there has always been an oversight in respect of the Unemployment Insurance Act. I am referring to the proposition that the contributions at all times should cover the benefits paid out. We have seen that the unemployment insurance fund rises and falls. I believe it has been evident that when it has gone up we have been enjoying good times, when a very large proportion of the population was employed. When it has gone down there has been an unreasonably large amount of unemployment in the country. I am not prepared to say whether the 4 per cent figure which has been mentioned is a reasonable amount in this regard. I believe that probably 1 per cent is a reasonable figure in respect of normal unemployment. This is the unemployment which will always take place, no matter whether or not there is a shortage of labour.

This will come about mainly for two reasons. First of all, there are the young people who try to find employment in a category in which they are interested. They are temporarily unemployed until they are able to gain entry into the employment field. The second group will always be with us no matter how affluent our society is. This is the group which transfers from one field to another. Unemployment in these groups will probably run in the proportion of approximately 1 per cent. This figure might increase as the number of years a person is engaged in an occupation decreases. It has been said that a young person who trains to be a computer operator today will find within a period of three years that his training is totally inadequate for the job that the computer would be asked to do at the end of that period. This means that retraining will have to be provided in a matter of three years. During the retraining period such a person would be unemployed. This would raise what normally would be the unemployment figure in respect of retraining and reclassification.

The unemployment figure now is 500,000. This does not fit into the figure of 4 per cent, 1 per cent, or whatever it might be. This is an indication that we are on the verge of an economic recession which is national in scope and which affects the national economy. Perhaps this is the situation we had when the workers of the country were asked to make a contribution to the national economy of $1 billion, plus the contributions they were being asked to make daily to the unemployment insurance fund. In my opinion this contribution of $1 billion was the factor which stopped the recession in the period around 1962 and 1963 from being greater than it was. This contribution was made, not because people were normally unemployed or were being retrained while seeking other jobs, but so that the country could enjoy the doubtful advantages of a recession over which the workers of this country had no control. At that time there was a 5 per cent increase in unemployment which was totally the responsibility of the government.

It was in this context that the hon. member for Essex East (Mr. Martin) asked that all civil servants be asked not to help out, but to provide a new tax structure that would allow the government to put more money into the unemployment insurance fund without in any way changing the risk at the other end. As one who has worked for many years in the mines with a pick and shovel I believe we should provide unemployment insurance to cover the risks, but I am not in favour of asking the people in other occupations to contribute in order to cover an economic recession which is the responsibility of the government and has relation to the tax structure of the nation.

I have no sympathy with the minister in this regard. I know he has made the statement that the real issue is whether or not the position has changed sufficiently to allow him to bring in teachers and other people in similar categories who will not be eligible to draw the benefits. If the minister would stand up and say that his colleague the Minister of Manpower and Immigration (Mr. Marchand) would provide for payment which would enable teachers to take summer courses or other courses which would upgrade them, he would find that even if they were in a category where there was some danger of their being unemployed there would be no advantage to them in being covered under the unemployment insurance fund. He would find that the contributions the teachers would make in order to be allowed to draw benefits while upgrading themselves would probably be greatly out of proportion to the amount of money they would contribute in the form of a tax against periods of recession when the unemployment insurance fund was being depleted at a rate greater than the normal actuarial rate.

It would seem to me that this is an important matter. It seems to me also that every teacher who wrote to me had a very selfish interest. They were all personally involved and, because I studied the resolutions they passed at their conventions, I believe they were well aware of the fact that they were being asked to make a contribution to an insurance plan from which they could receive no benefits. Many people take out a form of insurance in respect of which there is a benefit when they die. This may seem to be a pretty hollow victory for the payer, but he does know at least that his family, his estate or, in the case I read about the other day, the universities or somebody else will receive some benefit. In respect of unemployment insurance, we are insuring against being unemployed. It has even been suggested that when a person becomes too old to work he should get back all the benefits he has paid in. It seems to me that this is a misconception of the purpose of the fund; that is, that it is an insurance policy in the form of an annuity.

I was very interested in a fine speech made on this subject by the hon. member for Cochrane (Mr. Habel) many years ago. He mentioned that he had driven an automobile for 40 years and was very happy that he had never collected on the insurance he had been paying during that period. He was very glad because this meant that he had never had an accident. He had paid out a great amount of money in premiums, not to ensure that he would not have an accident but to provide for the day when he might have an accident. He was proud that he had never had an accident and therefore had never collected on his insurance. He felt that unemployment insurance was the same thing, and I agree with him. One is happy to pay the premium as long as he is employable and employed, because along with many others he is contributing to the benefits payable to those not so fortunate. Some benefit from the fund to a much greater extent than others because their contributions are less.

• (4:30 p.m.)

There are, however, abuses in the unemployment insurance program. I think it is the minister's obligation to bring these abuses to the attention of parliament in order that solutions can be found. The greatest abuses to the unemployment insurance fund have been political. On two occasions governments of the day have added categories included for contributions. These categories are for the most part uninsurable because there is little or no risk that unemployment will occur. In this way we are abusing the fund.

There are other political abuses which have taken place, and if I had more time I would be prepared to enumerate some of them. They are difficult of solution without eliminating that protection which I believe everyone agrees should be provided. We all know of specific individual cases which are not related to specific categories. Some of them have been solved by regulation, but even the regulations have on occasion been abusive to the idea of unemployment insurance benefits. The one that occurs to me is the regulation which states that a claim will be reviewed after 15 weeks, at which time a decision will be made as to whether that person should leave the area before obtaining further unemployment insurance benefits. This is particularly abusive when the fund is decreasing and unemployment is increasing.

I think we are again abusing the principle by adding the category referred to today. Surely we realize that this group should not be classified as an insurable category, because there is for them little risk of unemployment. This is only a means of facilitating the collection of moneys for the provision of unemployment insurance benefits. I know the workers of this country very well and can honestly say I find them to be very reasonable and benevolent toward their fellow workers. Most of the workers in the categories with which I am familiar have been willing to make contributions without the possibility of receiving benefits, but they do not like being taken advantage of in this way.

[*Translation*]

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I will not be too long; I merely want to draw the minister's attention to three points.

We are against the principle of the bill because we know that the government must find ways to help the 464,000 unemployed in Canada who are facing very serious problems.

We wonder though whether in 1968 the concept of unemployment insurance still meets the objectives contemplated when the act was passed.

In my opinion, Mr. Speaker, the Unemployment Insurance Act is a temporary solution, a poultice. Let us say that this social legislation is needed but does not benefit the community as a whole very much.

Indeed, it can help an individual for a few weeks, but if he is unemployed for two, three

or four months, the amount of benefits he receives cannot, in my opinion, cover his needs and enable him to make ends meet.

That act has been useful since its coming into force and it still is—I repeat that I am not against the principle of this social legislation—but I think that in 1968, more positive formulas should be devised to help not only individuals but also the community as a whole.

Since I have been here, I have often heard, and especially when the Unemployment Insurance Act was under consideration, that the government could, perhaps, find other formulas which, as I said earlier, could be more beneficial to the whole community.

At that time, Mr. Speaker, they called it "work-insurance". Of course, hon. members objected to it then. They said that a work-insurance law would be a first step towards socialism and as such should be rejected. However, whatever name we give it, I think that, in 1968, we should pass a law which, while helping the unemployed, would at the same time allow the community to benefit from the money which is designed to help people when they do not find a job in a particular season.

I will give you an example. Assuming that in a particular area, the unemployment insurance fund amounts to $500,000, $600,000 or $1 million, the government could administer the money in such a way as to pay benefits to those who are entitled to them and at the same time undertake projects in the municipalities which encounter major financial problems.

Those projects would give work to the unemployed who would collect in salaries what they would otherwise have received in unemployment insurance. While being of personal advantage to the unemployed, those expenditures would also serve to build something for our municipalities which, as I said a while ago, have serious problems with regard to the industrial projects and developments that fall within their jurisdiction.

If our municipalities are to be helped, I feel the minister should consider this formula, even though my talking about it makes him laugh.

• (4:40 p.m.)

I think that in 1968, we should have enough imagination to make welfare legislation beneficial to the whole community and not only to individuals. I would like to point that fact out to the minister who is very busy with 464,000 needy unemployed.

Mr. Speaker, during the past year, the minister has also decided to centralize unemployment offices. There has been one in my constituency for over 25 years; it has rendered great services to our people and I think that the principle, adopted by the minister or his department and under which unemployment insurance offices are to be centralized as much as possible, should not apply to every where in the country. In my opinion, consideration must be given to the geographic location of the areas in which unemployment offices are situated and I must add that the centralization of unemployment offices in our district will not serve people who draw unemployment benefits.

We have been told that next June, the unemployment insurance office of the Murray Bay region will be centralized in Quebec city. That will be most inconvenient in view of our somewhat special geographical position and the fact that, during winter, travel is most difficult, to the point that, very often, because of delays in mail delivery, people receive their unemployment cheque a week or ten days late. The minister should consider that for the head of a family waiting for his cheque to receive it a week or ten days late may be a major inconvenience.

The centralisation of unemployment insurance offices in the Quebec city area will of course eliminate the one now existing in the Murray Bay area and people will have to write to Quebec city. I must say to the minister that some people will have to cover a distance of 110, 120 or 125 miles to get to that office and the uncertainties of travel, the delays in mail delivery will surely be highly prejudicial to those who draw unemployment insurance benefits.

I, therefore, beseech the minister to ask his officials to reconsider their decision concerning the closing of the unemployment insurance office in the Charlevoix area, at La Malbaie. Perhaps the minister could ask his officials to make a more detailed study of the situation. Even if the centralization principle is a good one in general terms, I say that in given areas it is detrimental to those who receive benefits under the unemployment insurance act.

I entreat the minister to take my remarks into consideration and to ask his officials to reconsider the decision to close the unemployment office in La Malbaie area.

However, my main object today, Mr. Speaker, is to endorse the speech made last week by my hon. friend the member for Gaspé (Mr. Keays); but I want to insist on a specific point.

The minister knows that the provincial government has set up an inquiry regarding trucking in certain parts of the province. The investigator has submitted a report to the provincial government and made several recommendations. In my opinion, truckers because of their trade, are "penalized" with regard to unemployment insurance.

I have received recommendations, from an organization of truckers in my part of the country, the Société des artisans camionneurs. They complain that they are being discriminated against under the Unemployment Insurance Act, and I think they are quite right. In isolated cases, lumber companies sometimes give unemployment insurance stamps to their truckers. But when these same truckers work for another company which does not feel the need and the obligation to give them unemployment insurance stamps, those truckers, whose trucks can be considered their tools just as the saw is the tool of the carpenter—

[*English*]

Mr. Nicholson: I hope the hon. member will permit me to rise on a point of order in the interests of saving time. The point raised by his colleague, the hon. member for Gaspé (Mr. Keays), was a very good one, but I understand that the regulations were amended in the summer of 1966 to correct the situation that troubled him. I believe the hon. member for Gaspé is satisfied at this time. If I understood him correctly, the hon. member for Charlevoix is directing his attention to the same point.

[*Translation*]

Mr. Asselin (Charlevoix): I thank the minister but I must say that if the rules have been changed, they are still the same in my constituency because only last week, representatives from the Société des Artisans-camionneurs complained that certain companies were not abiding by the rules under the Unemployment Insurance Act. Such companies refuse, in many cases, to affix unemployment insurance stamps in the stamp books of people who belong to the trucking trade.

At this stage, Mr. Speaker, I am obviously forgetting the owners of scores of trucks, the heads of trucking businesses. But I am taking part in this debate to say to the minister —what I said a while ago and will repeat now—that whenever a trucker, who earns his living with his truck, is unemployed, he is unemployed just like a carpenter or a worker. He is earning his living in a different way but I feel that even if the law has been changed, as the minister claims it was, investigations should be made about these companies to see whether the employers abide by that law.

Mr. Speaker, those were the remarks I wanted to make. I am convinced that the hon. minister will take them into consideration as he usually does. I must say he has always taken my interventions into account.

He will have to think of finding a new unemployment insurance formula. Otherwise, as several premiers requested at the federal-provincial conference on the constitution, it will be necessary to sort out our social legislation to prevent a mad scramble between the federal and provincial governments to see which of the two levels will give the most.

I think we shall have to sort out these questions of social legislation and knowing the minister's good will, I am convinced that he will take our representations into account.

[*English*]

Mr. Steven Otto (York East): Mr. Speaker, I am not opposed to, in fact I am in favour of this bill, but I believe that the extra contributions required under the bill will not constitute an unemployment insurance scheme. Indeed the inclusion of a great number of contributors will have little effect, apart from solving the financial problem. For the same reason I cannot see much value in the argument put forward that school teachers and doctors should not be covered by the provisions under the bill, because they will not be unemployed. Of course a great number of people will never be unemployed, so this argument should include them as well; but it does not. In any event, these extra contributions will not make the unemployment insurance scheme more effective, nor indeed will they solve our great problem, which only a true unemployment insurance scheme could do.

• (4:50 p.m.)

The very word "insurance" suggests that you are protected against something, and unemployment insurance suggests that if you lose your job you will be able to live on the benefits that are paid to you. In effect this is impossible because no family can exist, much less live, on $36 a week. Of course, we recognize that these faults have been built into the

scheme for many years. I do not lay blame at the feet of the minister or the present government, except to say that I doubt that they have looked into this vast problem in the way in which they should have. It is a supplementary scheme. If you are a construction worker and your salary schedule is already in line, then when you are seasonally unemployed it is nice to get an additional $36 per week. If you are covered by a union contract and you are on strike, then it is nice to receive a supplementary income in addition to your strike pay. If you are a logger, a fisherman, and so on, you are in this category.

Mr. Winch: But if you are on strike you do not get it.

Mr. Otto: It is very nice to have a supplementary income. What has happened to the unemployment insurance idea? Orginally the plan was introduced as an unemployment insurance plan, but over the years, politics being what they are, there has been pressure to include other things in it, and that has been done. As the hon. gentleman pointed out, this has not helped the plan. Indeed the result has been to make it a hodgepodge of little use to anybody.

This plan was introduced shortly after the compulsory savings plan that we had during the war. Of course people knew what their contributions were, how much they had saved, and immediately after the war they wanted a return of their contributions. They considered this to be their money. Of course when a contributor looks into his unemployment insurance book he sees that he has so many stamps. It may be that this reminds people of the contributions they have made, and makes them think of it as a sort of savings plan. Since human beings are what they are they tend to say: So and so has received so much from the plan, why shouldn't I have it? It is obvious therefore it is no longer an unemployment insurance plan.

I should like to bring the attention of members today other plans which serve a similar purpose, especially the workmen's compensation plan in Ontario. This plan has been in effect almost the same length of time, but it has been a successful plan. The benefits paid are realistic. The workmen's compensation plan pays 75 per cent of our previous earnings, up to a certain maximum. An employee who happens to be making $100 a week can live on $75 a week. Surely no one can suggest that a family man who is unemployed can buy fuel, pay his rent or mortgage payments and clothe his family on $36 per week. If we want to raise the benefits higher, then how much higher can we raise them? I believe that the whole concept of unemployment insurance deserves study. Many of the assumptions that have been made have proven to be wrong. I have discussed this subject with other groups. I have said that possibly unemployment insurance benefits should be paid in realistic amounts to anyone who is unemployed for any reason whatever. Immediately there has been a hue and cry to the effect that you are going to pay all these lazy people who do not want to work, people who would rather get 75 per cent of their salary than work. However, it is always the other person who would do this, never the person to whom you are talking.

The fact is that when people are happy at their jobs, they will work. No one is going to take advantage of that situation merely to stay at home. If a person does, then he is usually psychologically maladjusted. I once had occasion to test this theory. There was an employee of mine who obviously was not happy with his work, and was causing me a great deal of concern. I told him, "I am going to give you four months wages. You are to report here every Friday to pick up your cheque, but I am going to give you four months in which to find yourself a job in which you will be happy, where you can get along with your fellow employees and where you do not hate the boss." My partners said, "What are you going to do; this man is going to take four months wages and he will not be any better off." This proved not to be so. In less than three weeks that man found a job. When he was working for me he was about 10 per cent productive, but working in a place he liked with people he liked he was about 90 per cent productive. This fact alone is worthy of consideration.

If we accept the fact that we should have an unemployment insurance plan, I doubt whether it should be a contributory plan. These weekly deductions are a reminder to people that they have paid money into the plan, so the inclination is to get their money out. I am sure we could adopt a plan similar to the compensation board plan, which is not contributory. Contributions are made from the general profits of the company. Of course whether the contributions are made by government or in any other way, the plan should be all inclusive. Benefits should be payable to any person who is out of work.

If a person is out of work he receives unemployment insurance benefits and he may be on welfare or may be getting payments from the compensation board. One way or the other, the benefits still come from our economy. If we had a plan that was truly an unemployment insurance plan, then there would be a saving in connection with all the other plans whether they were federal, provincial or local. A comprehensive scheme would not cost the country any more and would be of benefit to our productive capacity. I fail to understand how we are gaining anything from constant amendments to a plan which, it has been recognized, does not work. Surely, it is high time the government undertook a study of the problem in order to formulate a workable plan. One recognizes that today shifts in labour will cause unemployment. A plan should recognize that every now and then these workmen have to be re-educated or retrained. The plan should be one in which labour has confidence that in times of unemployment the workers will be able to maintain themselves at the standard of living they have created. They will be more secure and more productive, and that is the essential aspect of any insurance scheme. We should take away any element or risk which interferes with a man's ability to contribute.

I do not say that we are going to do this immediately. I only mention these things because I believe it is high time the government faced this issue, instead of introducing more amendments to the present plan. A white paper could be produced or a study undertaken by a committee of the house to investigate a completely new concept of unemployment insurance. The plan should be one which would assure the labour force of this country that when they lose their jobs their families will not suffer, and their standard of living will not deteriorate.

Mr. J. H. Horner (Acadia): In rising to take part in this debate, one has to review the whole question of unemployment insurance. I believe the country has accepted this plan as a means of maintaining a certain amount of buoyancy in the economy, even when there are large numbers of people unemployed. In a way, if my friends from Alberta do not object, one could say we are applying a bit of practical social credit to Canada. But is it working to the best advantage of the economy of Canada, and could we not improve it more than this bill attempts to do?

• (5:00 p.m.)

The hon. member who preceded me said it was high time a complete study was made of this question. Five and a half years ago the then government referred the whole question of unemployment insurance to a body commonly known as the Gill committee, which in due course brought down a report. I should like to say at the outset that I am very disappointed to find that this Bill C-197 is a mere continuation or enlargement of many of the abusive practices carried on under the Unemployment Insurance Act over the past number of years. None of the major recommendations outlined in the report of the Gill committee have been incorporated in this particular bill.

At page 103 of the Gill committee report there is the following recommendation:

> —we believe that a plan of unemployment insurance should be designed to take the first impact of unemployment and should be based on insurance principles appropriate to a social insurance scheme—

Surely, Mr. Speaker, this is the essence of the question. We must first determine what we want. Are we to have an insurance scheme? If so, then let us prepare a scheme that is truly an insurance and is economically sound. If we are not to have an insurance scheme but merely an additional welfare system—a guaranteed income, some Liberal members in the present cabinet have suggested—then let us call it that. Surely, Mr. Speaker, the government could have produced a better amendment to the act than the present bill during the five and a half years since the Gill committee reported.

Then at page 105 of the report appears this paragraph:

> Under the existing plan, benefit may be paid to seasonal workers during their off season, even though they have never worked in the off season and have no expectation of doing so.

So it appears, Mr. Speaker, that there are people in Canada who are seasonally employed and have no intention of working for the remaining four, five or six months of the year, yet under the unemployment insurance scheme they are paid in any event. Surely this does not constitute sound economic practice. Certainly it does not create any incentive for these people to work and improve their living conditions in this young, virile, growing country of Canada.

Generally, Mr. Speaker, I think everyone would admit that Canada needs more people. People are perhaps the one thing that Canada lacks. Yet it is commonly accepted that many Canadians are not prepared to spend any

time improving themselves and contributing to the economy of the country in any real way. To me, Mr. Speaker, this is one of the greatest errors into which Canada has fallen in the sixties.

I suggest that, rather than tending to promote an indifference to the Canadian economy on the part of some Canadians, we should in some way be attempting to create incentives for a large segment of the population to contribute even more to the betterment of the economy. However, this government seems intent upon allowing people to contribute less and less to the economy, at the same time seeing to it that their income is maintained at a certain level. This, Mr. Speaker, is exactly what this piece of legislation does.

Then at page 106 of the Gill report appears this paragraph:

> In the light of the comprehensive program that we are recommending, we believe that the existing insurance plan should be modified to bring it back to a plan based upon insurance principles appropriate to such a scheme. The amendments that we consider necessary to accomplish this will now be discussed.

These amendments are discussed at pages 106, and following.

This legislation should do more than it does to make the scheme an insurance scheme, to provide those unemployed who really need assistance with greater benefits. It is not good enough to perpetrate indifference among many segments of our working population today through the means of the Unemployment Insurance Act.

Then at page 120 of their report the Gill committee have this to say:

> A plan of unemployment insurance should be designed in such a way that it will constitute a protection from a hazard that threatens those who normally occupy the position of employees in an employer-employee relationship; i.e., those who would suffer by reason of unemployment. It should not be designed in such a way that qualification for benefit is so easy as to attract people into insured employment merely for that purpose.

What the Gill committee is saying in that statement, Mr. Speaker, is that unemployment insurance should not be so easy to collect. The committee is stating that people are attracted to jobs that qualify them for unemployment insurance, whereupon they work the necessary amount of time to enable them to collect that insurance. It seems to me that the bill before the house merely condones what has been going on and in fact makes it easier for these workers to use the situation to their own advantage.

[Mr. Horner (Acadia).]

Continuing at page 120 of the report, Mr. Speaker:

> Under the existing plan, the test of attachment to insured employment is the requirement of at least 30 weeks of contribution in two years preceding the claim. The requirements as to recency and requalification are found in two further tests, the first calling for at least eight weeks of contribution in the period of one year preceding the claim or in the period elapsed since the establishment of the last preceding benefit period—

The report then suggests that the period of employment should be longer. Paragraph 63 at page 121 reads as follows:

> In our opinion, these tests are unsatisfactory in two principal respects. The first is that they are based on weeks of contribution, and in this context a week of contribution may represent anything from one to six days of work. Thus it is possible for persons to qualify for benefit on the basis of an inconsiderable attachment to insured employment, provided it is spread over a large enough number of weeks. The second is that the tests are unduly complex. They are hard to understand and hard to apply.

They are becoming more difficult to apply, Mr. Speaker, as a result of the shift that has taken place in the Department of Labour. As the hon. member for Timiskaming (Mr. Peters) pointed out, two or three years ago the Department of Labour was split and the manpower department was created. At the moment we have the Department of Labour and the Department of Manpower and Immigration, neither one of which knows what the other is doing. Both compile similar statistics, neither department knowing what the other is doing.

• (5:10 p.m.)

Across the country unemployment insurance offices are being closed and their operations centralized in large areas. That makes it more difficult for the bona fide unemployed to claim their benefits from the unemployment insurance fund. Instead of simplifying application forms, the government has made them more complex. It is small wonder that there were 24,486 fraudulent cases involving unemployment insurance last year. The application forms ought to be made simpler and more to the point. The regulations have not been changed enough, the word "suitable" being retained. Page 133 of the Gill report has this to say about abuses:

> The principal classes of alleged abuse that were drawn to our attention in representations made to us, apart from the question of payment of benefit to seasonal workers during their off season as just discussed, related to (a) the drawing of benefit by married women who are not in fact seeking employment; (b) the drawing of benefit by persons who have retired on pension and who are not in fact seeking employment; (c) the taking

of too narrow a view by claimants and possibly the administration as to the types of employment that constitute "suitable employment" in any individual case; (d) the failure by some claimants to disclose earnings during weeks of partial unemployment; (e) the failure by some claimants to disclose the true facts concerning their availability for employment; and (f) collusion between employers and employees in failing to give adequate information respecting the reasons for termination.

These abuses have gone on for years. Anyone in this country engaged in business in a minor way soon runs up against the Unemployment Insurance Act, and all the abuses that have gone on for years and years. They are well known and when members of parliament discuss them with constituents they can only say, "Well, it is not right, but that is what is going on." The act is of no help to our economy.

The Gill committee says, if I may paraphrase the contents of pages 128 and 129 of the report, that many who receive benefits equal to 90 per cent of their insured wage may prefer to remain unemployed instead of taking a job.

In recent years unemployment insurance has been extended to cover the fishing industry, and other seasonal industries. It has moved into the field of agriculture. But has that extension of coverage helped farmers to get farm workers? It has not. In my province the livestock industry is a major agricultural industry, and to make a ranch pay one has to work at it for 12 months of the year. The Unemployment Insurance Act, as it is now administered, does not fit the needs of that industry. It was a mistake to make unemployment insurance compulsory in agriculture. It would have been better to make unemployment insurance payable on a voluntary basis. But, oh no; the government said that the act would apply to farmers and ranchers, and no consideration to the agricultural industry was given. The Minister of Agriculture (Mr. Greene) said, at a meeting that I attended, that payments to the fund could not be made on a voluntary basis because that would be a departure from the insurance aspect of the scheme. I can only say that we departed from that a long time ago.

I would be the first to endorse a return to an insurance scheme. The Gill committee suggests that there should be an insurance scheme—and I emphasize the word "insurance"—for those who are in insurable industries and that there should be some other scheme for those who are affected by winter or seasonal unemployment. The livestock industry would go along with that.

In Canada today, to have a paying ranch, two men must work at it. Usually a rancher would hire one man. To have a paying dairy farm the farmer must hire two men. At least two extra people must work on the dairy farm in order to make it pay and in order to let the farmer and his employees enjoy a standard of life comparable to the standard of other Canadians.

Ranching and dairy farms are competitive businesses. The potato industry is seasonal. One of the great problems in agriculture is getting hired help. I asked the Minister of Agriculture some time ago in a committee if he was making any specific request of the Department of Manpower and Immigration with regard to the immigration of hired agricultural help, and he said that he had not thought of it. That was two years ago, and though I have reminded the government periodically of the basic problems facing the agricultural industry, the Department of Manpower and Immigration has apparently failed to act.

How will this affect the agricultural industry? Regardless of whether a farmer or a rancher thinks that insurance coverage is necessary for his employee, he will have to pay into the fund. There will be nothing voluntary about it. A man can get benefits, not only if he has been fired, but if he quits his job and cannot get another so-called suitable job. And here, this bill raises the maximum benefit to $53 a week. I do not know what the going agricultural wage is across Canada but I bet that few farmers can afford to pay much more than $53 a week, which comes to a little over $200 a month. Few can afford to pay that for winter employment, though in fall and spring the wheat industry of Saskatchewan and Alberta can pay more than that, especially when crops are good, markets are available and prices are close to todays prices.

• (5:20 p.m.)

We are reaching a very dangerous situation by increasing benefits under the Unemployment Insurance Act. If the increase were accompanied by changes in the regulations I do not think the agricultural industry would object, nor do I think I would object. But under the present proposals there is to be no change in the regulations at all, to speak of, and no account is taken of the recommendations outlined by the Gill committee. No definite tour is set for winter collection of unemployment insurance.

I listened to the hon. member who has just completed his remarks; I found them interesting but I do not see how his proposals would apply in all circumstances. I am sure they would do nothing but add to the problem of unemployment and make it far more difficult for the agriculture industry to get workers.

What has this government done for the industry, when it comes to hiring help? It has recently brought in the Canada Pension Plan, a plan which in many cases has been rejected both by the farmers and by their hired help. We believe they intend to bring in medicare and workmen's compensation measures. We are told that in the years ahead there may be a guaranteed income, or even provision for a minimum wage in the industry.

I would have no objection if there were a compensatory increase in the income realized by farmers today. However, this has not been the case. On the contrary we have seen incomes and prices in the industry reduced. This measure would do nothing more than increase still further costs to the agriculture industry. It is all well and good to say that since the cost of living is going up unemployment insurance should go up, too. Again I repeat that the act should be changed so as to make it more of an insurance plan. Two classes of insurance should have been set up, one for jobs which tend to be regular and another for employment which is more seasonal. Even though a million dollars has been recovered in respect of benefits paid out to people making false claims, I believe there are still too many abuses taking place and these have a particularly detrimental effect on the agriculture industry to which this legislation was applied only in April last. This has not made it any easier to hire men to work on farms and ranches.

The availability of unemployment benefit to their workers may have helped farmers cultivating such crops as tobacco, potatoes, fruit and vegetables, including sugar beets and so on, but I say the plan should have been introduced to the agriculture industry on a voluntary basis. I cannot for the life of me see why it cannot even now be reinstated on such a basis. If this bill passes, its provisions will do nothing but increase the cost of production to farmers who are today finding themselves in a tighter cost squeeze than ever. It will not help farmers to acquire hired help. Had the minister in presenting this bill paid greater attention to the insurance factor, or given us some assurance that the regulations would be enforced to greater effect—for example, if the word "suitable" had been struck out of the regulations completely—I might have found myself supporting it. In the circumstances, however, I have no hesitation in saying I have no liking for it whatever. I believe it would be detrimental to an industry which most of my constituents are vitally concerned about, and for this reason I shall vote against it.

[Mr. Horner (Acadia).]

Mr. E. Nasserden (Rosthern): I should like to say a few words with regard to the measure before us—words of encouragement to the minister for what I believe he is trying to achieve by bringing this bill forward.

My constituency is primarily an agricultural one, but many of the people who live there in close vicinity to Saskatoon depend on seasonal labour for their livelihood. A large number of my constituents are available for work during the winter months, many of them experienced in the trades in which they are involved, and I would not like to see anything done which might endanger the possibility of their securing unemployment insurance during the period of benefit for which they are eligible.

As I look at the problem which has been posed by my hon. friend from Acadia (Mr. Horner) I cannot help but think that it illustrates more directly than anything else could the lack of attention which has been paid during the last few years to the whole question of agricultural prices. This, however, is a subject separate from the one under discussion this afternoon.

In spite of the additional benefits which may accrue to labour, a measure such as this should provide an additional market, or a more stable market, for farm products than otherwise might be the case. In some parts of the agriculture industry, and certainly in the construction trades it is necessary to provide something to assist the development of a seasonal labour force which will be available to undertake the tremendous tasks which face us in Canada. I think of a lag in housing and in construction generally over the past few years. We shall certainly need a large pool of seasonal labour, having regard to our climate, if these projects are to go forward rapidly.

If I have any criticism to make of the government it is that they have made it so difficult for the municipalities to undertake winter works; they have cut the feet from under the winter works program instituted when the right hon. member for Prince Albert (Mr. Diefenbaker) was prime minister of this country. The effort they made to increase housing construction by means of the $500 bonus—

Mr. Deputy Speaker: Order. I would expect the hon. member to associate the remarks he is now making with the bill now before the house.

Mr. Nasserden: I thought I was doing that. All these things have something to do with the question of unemployment insurance benefits. The subject of seasonal labour has been discussed at length during this debate by some hon. members, anyway. I happen to be interested in seasonal labour because there are a number of people in my area who are involved in it and I should like to lay the basis of my views before the house in that regard.

• (5:30 p.m.)

What I was developing a minute ago is that I do not believe as many abuses have taken place as some people think. I believe fewer people would be on unemployment insurance on a seasonal basis if the government of the day had taken actions that could have been taken to provide a little longer employment for them. A month or so longer employment would make a great difference to many of these people. Very few people, if they can work, go on unemployment insurance.

The other matter which I bring to the attention of the minister is the application of the rule regarding the eligibility of people for unemployment insurance when they are going to school. I understand that if the department sends people to vocational training those people can get benefits. I have in mind the particular case of a young man who was unemployed, who was seeking to get his grade 9, who was going to school, who was always ready to take employment if he could get it, but who was refused unemployment insurance benefit. I hope the minister will give consideration to this case.

I realize there has to be a border line some place. However, the information I have about this particular young man shows that he has not been trying to abuse anything. All he wants to do is improve his education during a time when he is unemployed. Without saying anything more, Mr. Speaker, I wish to commend the minister for the worth-while objective of this bill.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I was most interested in the concluding remarks of the hon. member for York East (Mr. Otto), when, in his most useful presentation, he said he thought the Liberals should get their heads together and come up with some policy of co-ordinated security. With this I most certainly agree; but instead of saying "get their heads together" I say "knock their heads together", so that they may come up with a co-ordinated policy.

Actually, Mr. Speaker, we now have a peculiar and complicated welfare set-up in Canada. It is almost impossible for a member of parliament to keep up with all the regulations for eligibility procedures, as they change federally, provincially and municipally. I am certain, sir, that you must get many inquiries, the same as the rest of us.

Under this mix up we have unemployment insurance, we have old age pensions and old age allowances, we have federal pensions and war veterans allowances, we have disability pensions and blind pensions, we have workmen's compensation, widows pensions and children's aid pensions. We have employed and unemployed on welfare. It is an extraordinary situation.

That is the reason I hope I live long enough to see what the hon. member mentioned, a co-ordinated security plan for Canada that will cover all those in need, whether it be because they are unemployed, ill, disabled, aged, or for any other reason. It must come eventually, and I hope the time is not in the too far distant future. However, we are not at that stage yet, so we have before us certain amendments relative to unemployment insurance, and I wish to speak briefly on a couple of aspects.

The constituency of Vancouver East is basically a working class, residential riding. Therefore unemployment hits that riding heavily. It therefore follows that there is a keen interest in the matter of unemployment insurance. I regret very much that the Minister of Labour (Mr. Nicholson) has not seen fit, or found himself in a position, to introduce recommendations at this time of such a nature that we would have unemployment insurance. By that I mean insurance for everyone who is able to work and willing to work, but who because of conditions is unable to find or be supplied with work. We will not have the full meaning of unemployment insurance until by law there is a guarantee of a decent living standard and security to everyone able and willing to work, but who is denied that opportunity. This is something we should have had long ago, and I am sorry our hesitant steps year by year, parliament by parliament, still leave us a long way from the achievement of that objective.

As a matter of fact, Mr. Speaker, the regulations, and I am afraid at times the attitudes

of those who enforce them, to a considerable extent make a farce under our present law of the meaning of unemployment insurance. It is very hard when a member of the House of Commons has his constituents, or the constituents of some other member come to him to discuss unemployment insurance. If my memory is correct it was in 1940 that we first established the principle of unemployment insurance.

Mr. Nicholson: 1941.

Mr. Winch: It is very hard for a member of this house when a constituent, who has been paying into the unemployment insurance fund since 1941, or for most of the years since 1941, who has reached the age of 65 or 67, but who is still able and willing to carry on, comes to him saying he has been told by the officials, not that he is not physically fit, not that he is not able, but that because of his years and his position, and there being nothing available in his occupation, he is not available for work. In effect they say, "We declare that you are not available." Although such a person may have paid into the fund since 1941, what does unemployment insurance mean to him and people like him? They are out.

While sitting here waiting for the opportunity to speak I could not help but think of what we read in the newspapers about the ovation given in the other place to Senator Roebuck on the occasion of his ninetieth birthday. I have no hesitation in saying, and I have said it before publicly, that he is one of the most able, one of the most brilliant, one of the most hard working members of the Senate. There is no question about that; but you know if he was to go by unemployment insurance regulations he would have been wiped out 30 years ago.

• (5:40 p.m.)

In principle this is what is going on today all across Canada. It makes me sick when I think of the number of cases which have come to my attention of men who are in the age bracket of 65 or 67, who are seeking employment after having been employed for many years and who are declared by the government office or agency to be not available. The matter of availability should be a decision for the worker, and not that of a bureaucrat in a government office. If a man is physically available and has paid his premiums he should be recognized as being available and as being entitled to unemployment insurance.

The Minister of Labour (Mr. Nicholson) comes from Vancouver in the province of British Columbia. He knows that over the past few months we have had and are having now a serious unemployment situation.

Mr. Nicholson: Mr. Speaker, I wonder whether the hon. member has heard the most recent figures. British Columbia is the one province in Canada in which unemployment is going down instead of up.

Mr. Winch: That is wonderful, but it does not change one iota what I am saying. We have had and have now a very serious unemployment situation in Vancouver and in the province of British Columbia. Yes, the figure may go down a part of one per cent, but I do not care whether it is 400,000, 300,000, 200,000 or 100,000—when a man is unemployed and his family is going hungry we have a problem; and this has been a big problem in British Columbia. The Minister of Labour knows that we have faced a critical situation in the last 12 months, particularly in the construction industry, the power industry and the shipbuilding industry. Sixty five per cent of the workers in the shipbuilding industry are now out of work in Victoria and Vancouver. Twenty two per cent of all the carpenters in Vancouver, Nanaimo, New Westminster and Victoria are unemployed right now. Those are the figures. Progress is being made in respect of the power dams on the Peace river and at Mica creek, but the federal government is so interested in Ottawa and Quebec that major construction work is going ahead there, while the only major construction in the city of Vancouver is not going ahead, under the instructions of this government.

I had to answer the interjection of the minister, because it is quite all right for the minister and me to be drawing our salaries, but those who are not eligible under certain regulations for unemployment insurance in British Columbia have quite a problem when they are faced with the matter of putting ham and eggs on the table and paying the rent. I know of many persons who have not been able to work more than five and a half months in the last 12 month period. Can they draw unemployment insurance? The answer is no. They are not eligible because they do not have six months stamps. I know that is the regulation. I was hoping it might be changed, because the man who has worked for only five and a half months and cannot find employment must provide for his family

the same as anybody else. He receives no help in this regard from the unemployment insurance fund, even though he has been paying into the fund. I am not suggesting that such a person should be in the same position as those who have worked for 12 months or a period of years, but I am saying that if he has been paying into the fund he should be entitled to some return when, because of conditions beyond his control, he is unable to find employment.

It had been my hope that the Minister of Labour would go beyond what he is now proposing to the house. We appreciate the increase. We appreciate any steps forward, but surely there are others who should have been included at the same time. When because of regulations people who have only five and half months stamps, and not six months stamps, are denied assistance because of age or because the agency cannot supply work, even though they are available, I say without hesitation that the government is an accessory to theft. I say that the government is taking money under false pretences, because when one pays a premium he is entitled to a return.

It is my hope that as soon as possible further and greater advances will be made in respect of the policies and regulations pertaining to unemployment insurance, and that even beyond that greater measures will be instituted by this government in an effort to increase rather than curtail employment. I shall conclude as I opened by reminding hon. members of the house of the words of the hon. member for York East, when he said in effect: Knock your heads together, and come up with an economic social security plan for all the people of this country.

Mr. Frank Howard (Skeena): Mr. Speaker, ever since the publication of the report of the royal commission under the chairmanship of Mr. Gill some five and a half years ago there has been an expectation on the part of parliament and on the part of many people in the country that the Unemployment Insurance Act would undergo the tortuous process of being overhauled, and eventually reach parliament. Reference has been made previously to the Gill committee report, but at this time I should like to refer to recommendation No. 11 which relates to the extent to which coverage under the act should be applied. Certain classes of employment are exempt under the provisions of the act; they are excluded from coverage. In fact I believe the term is "exempted employment". This has been the situation since the period just after the second world war, when the act came into existence.

The Gill committee in some of its recommendations referred to the classes or types of employment which were excluded. It summarizes section 27 in the act, which establishes the excluded categories and points out in very general terms that the people involved are government employees, teachers, members of the police forces, employees in charitable or non-profit organizations, employees in hospitals, domestic servants, and so on. They also mentioned what they call the other broad exempted class of employees, namely those whose income is in the bracket of more than $5,460 a year. As I understand it, the committee recommended that these groups, which are now exempted, should be included.

• (5:50 p.m.)

If there was a principle involved in the act in 1940 or 1941, when it came into existence, it was that certain classes of employees should be excluded from coverage, because of the unlikelihood that they would fall within or become involved in a situation of temporary unemployment. The other reason for exclusion of classes of employees related to those who were almost guaranteed unemployment, such as loggers, fishermen, hunters, trappers and other seasonal employees. The Gill committee seeks to alter that situation by recommending that these classes should be included, not because they may become temporarily unemployed, but to share in losses in respect of the unemployment insurance fund. The commission felt that these losses should be spread as broadly as possible. If that is the case and it is accepted, then we need to change the whole concept of the act. It is no longer one of insurance but one of a general classification of welfare.

Neither the Minister of National Health and Welfare (Mr. MacEachen) when introducing this bill for second reading, nor the government, has given any indication as to what is intended in respect of the recommendation of the Gill committee that teachers, municipal employees, government employees, employees of police forces and the like should be included for coverage under the act. We know it is permissible under the act to include classes of employees previously excluded by order in council. This was done, I believe in 1957, some 11 years ago in the case of fishermen. The Liberal government of that day included fishermen through an extensive set of regulations established by way of order in council.

It has not been made clear what government policy is in respect of the recommendation of the Gill committee to include certain classes of employees now exempted. There is a great deal of apprehension, on the part of those people who fall within those categories enumerated in the act as being exempt from coverage, that they will be included without any government announcement as to acceptance of the Gill committee recommendation in this direction. I know of no government declaration to the contrary.

In view of the fact the government has introduced some amendments to the Unemployment Insurance Act, it owes these people, who feel they are simply going to have their pockets picked for the purpose of offsetting losses, a declaration as to the Gill committee recommendations. The government should declare itself in respect of the inclusion of these people for coverage under the act, particularly when there is little possibility of their obtaining benefit. As long as such apprehension exists, since the Gill committee was established for the purpose of inquiring into the operations of the Unemployment Insurance Act, I suppose we are entitled to assume that the government has considered the recommendations and has not come to any conclusion.

To give the government the benefit of the doubt, I am sure it has considered these recommendations. There is no more opportune moment than now, when parliament is dealing with this act, for it to make its position known by saying it accepts the recommendations of the committee and, at the appropriate time, by order in council will include these people for coverage. If that is not the case, then conversely the government should say it does not agree with the recommendations, or that it has not made up its mind.

Because of the fact that with this change some people will be required to make contributions, with little likelihood of receiving benefits, the government owes it to them to declare itself in respect of at least this recommendation of the Gill committee, perhaps between now and the time the bill comes up for resumed consideration, when the minister will close the debate. Perhaps during that interval the government will consider the thoughts I have expressed and make its intention known.

May I call it six o'clock?

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed Bill S-33, an act respecting the Bonaventure and Gaspé Telephone Company, Limited, to which the concurrence of this house is desired; and also a message informing this house that the Senate have passed the following bills, without any amendment: Bill C-163, an act to implement a broadcasting policy for Canada, to amend the Radio Act in consequence thereof and to enact other consequential and related provisions; Bill C-192, an act to amend the Excise Act, and Bill C-191, an act to amend the Excise Tax Act.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker I should like to ask the government house leader whether he can give some indication as to what will be considered tomorrow, Friday and Monday?

Mr. Pennell: Tomorrow we will continue with item 57 the second reading of Bill No. C-197, to amend the Unemployment Insurance Act. Then we will call item 64, second reading of Bill No. C-202, to amend the National Housing Act, 1954. I hope that some time tomorrow I will be able to inform the several house leaders of the business for the rest of the week.

Mr. Starr: I have a supplementary question, Mr. Speaker. I should like to ask the house leader whether the votes taken on any of these items will be considered as votes of confidence.

Mr. Pennell: It is for the house to decide.

Mr. Starr: You mean there will be two votes on each bill?

Mr. Deputy Speaker: Order, please. It being six o'clock this house stands adjourned until tomorrow afternoon at 2.30 p.m.

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

HOUSE OF COMMONS

Thursday, February 29, 1968

The house met at 2.30 p.m.

PRIVILEGE

MR. TUCKER—PRESENCE IN HOUSE FOR VOTE ON BILL C-193

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I feel I should rise on a question of privilege. Several articles in newspapers have indicated that I was absent on Friday, February 19, when the vote was taken on third reading of Bill No. C-193, to amend the Income Tax Act. This was not the case; I was in the chamber.

Mr. Nielsen: It was Monday, not Friday.

Mr. Tucker: I thank the hon. member: Monday, February 19. When the two votes were taken that day I was in my place. As a matter of fact, as reported at page 6893 of *Hansard* I said:

> Mr. Chairman, had I voted I would have voted for the bill.

That was the vote on clause 5, which was taken just before 6 p.m.

When the standing vote was taken on third reading of the bill at about 8.20 p.m. I was in my seat but failed to get the Speaker's attention after the vote. I did not vote on the motion for third reading, even though I was in the chamber and sitting in my seat, because I was paired. Had I voted, Mr. Speaker, I would have voted for the bill.

LABOUR RELATIONS

TABLING OF REPORT OF TASK FORCE ON LABOUR-MANAGEMENT LAW

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I should like to table the progress report prepared by the task force on labour relations that some days ago the Prime Minister assured the house would be tabled at an early date. This report indicates that the task force is well advanced in a thorough examination of industrial relations policies, problems and practices.

An extensive and important program of basic studies is outlined in an appendix to the report. These studies and the discussions being held with union, employer and government groups in all parts of the country will undoubtedly assist the task force in dealing with the major issues set forth in this initial report, including special problems which may arise in the case of disputes in essential industries. The task force has undertaken to complete its work by the end of this year.

I might add, Mr. Speaker, that the tabling of this report by the government is not to be regarded as establishing a precedent. There will no doubt be occasions in the future when the government may decide not to table reports of task forces. A major purpose of the work of such special consultants frequently is to provide advice on the formulation of government policy, and it is the policy itself, decided upon after full consideration of the advice available to it, which a government must, of course, make clear to the house and the country as a whole. In some circumstances, however, it will also be desirable, in the interests of greater public awareness and understanding of complex issues, to make public the texts of reports by the task forces or other consultants. Hence the tabling of this report, Mr. Speaker.

Mr. Robert McCleave (Halifax): Mr. Speaker, the tabling of the report at this time is, I suggest, a somewhat curious step. Perhaps it is meant to bring about some retroactive or advanced blessing for the promise of the Prime Minister a year ago that this report would be before us prior to the introduction of major legislation in the field of labour.

Until we have seen the report we will not know how much it impinges on Bill No. C-186, the very controversial measure that is now being studied by a house committee. However, in his brief statement the minister did refer to the fact that the report dealt with disputes in essential industries, and this is one of the problems that has bothered members of that particular committee in the issue it is facing. We will withhold further judgment on the report until it is studied, but I think it is regrettable that the final study, not just an interim study, was not before us prior to the introduction of the measure of the house.

Inquiries of the Ministry

Mr. David Lewis (York South): Mr. Speaker, since one does not know the contents of the report it is rather difficult to comment on it, and I intend to take no more than a minute to make one suggestion. The minister indicated that the tabling of this report is not to be taken as a precedent for the tabling of task force reports. I had assumed that it was a precedent, because another report in the field of foreign ownership was tabled the other day. I thought the minister was merely assuring us that the report he is tabling today likewise did not have government support, and this was why he emphasized that point.

• (2:40 p.m.)

I have been in touch, so far as it has been possible through reading the newspapers, with the work of the task force, and I look forward to seeing the appendix because I understand the task force is working on a large range of subjects.

I join the hon. member for Halifax in expressing my regret that the controversial Bill C-186 had to be introduced at all before the report of this task force was in our hands, because I imagine there will be recommendations relating to the entire field of labour-management relationships, which is what is important.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, it is rather difficult to pass judgment on a report that has just been tabled in the house by the minister. We reserve the right to examine the report, and then to discuss its value.

[*English*]

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I am sure the house is happy to hear that the actions of the government during the last few days will not necessarily be considered a precedent. I trust that what happened yesterday will fall into the same category, though I doubt if the government will be prepared to argue in the future that it was not a precedent.

We look forward to reading this report because it has to do with those relationships that affect essential services. If there is a strike in those services the economy of our nation is tied up.

The report is somewhat late. We know that some provinces, including the province of British Columbia, are already well launched into important legislation in this field. Despite the report's recommendations, the federal government's efforts will probably come too late.

FINANCE

INQUIRY AS TO FURTHER FISCAL PROPOSALS

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Finance. In view of indications from government officials that they intend to continue collecting the 5 per cent surcharge on income tax, which was defeated in the house, does the government intend to bring before this house shortly a fiscal proposal similar to the one that was defeated?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the first part of that question ought to be directed more properly to the Minister of National Revenue. I can say, answering both parts of the question, that the government is now taking measures to change the deductions at the source—I refer to the tables that are prepared—and it is not the intention of the government to reintroduce Bill C-193.

Hon. Michael Starr (Ontario): Is it the intention of the government to bring forward a new tax measure prior to the recess?

Mr. Sharp: The government is now considering the revenue measures necessary to replace those contained in Bill C-193.

Mr. Starr: I repeat my supplementary question. Does the government intend to bring in a tax measure to replace the one which was defeated, prior to any recess which the government may contemplate?

Mr. Sharp: I do not think I can add to the answer I gave. The government's intentions in this respect will be made known in due course.

Mr. Starr: I address this supplementary question to the Acting Prime Minister. Has he consulted with and received advice from the government's financial adviser in these matters, the hon. member for Villeneuve?

Some hon. Members: Oh, oh.

Hon. Paul Martin (Secretary of State for External Affairs): The hon. gentleman should not be so jealous.

Mr. D. V. Pugh (Okanagan Boundary): A supplementary question to the Minister of Finance. Will any such legislation on the tax bite be made retroactive to January 1?

Mr. Sharp: I do not think it would be proper for me to answer a question of that kind. The government's proposals will be brought before the house in due course.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a supplementary question to the Minister of Finance. Is the minister considering the possibility of introducing a bill to impose taxes on the Conservatives only?

[*English*]

Mr. Erik Nielsen (Yukon): I have a supplementary question for the Minister of National Revenue. Is it the intention of the government to refund the tax which has been collected illegally since January 1?

[*Translation*]

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker, it is the intention of the government to credit each taxpayer for the taxes that have been collected since January 1, 1968, under the provision concerning this 5 per cent surtax.

[*English*]

Mr. A. D. Hales (Wellington South): Can the Minister of National Revenue advise the house when the new schedule of deductions will go forth to employers?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the personnel of the Department of National Revenue are now preparing a new table which will be sent to the employers, we hope, before March 15.

[*English*]

Mr. Hales: Will the minister and his department be issuing new income tax forms?

[*Translation*]

Mr. Chrétien: Mr. Speaker, as I said earlier, these tables will be sent to employers before March 15, at the same time as the assessment tables, as it is done every year.

[*English*]

Mr. Eldon M. Woolliams (Bow River): I should like to ask the Minister of National Revenue whether it is the intention of the government to bring in another tax measure to take care of the credit, which is merely a bookkeeping entry.

[*Translation*]

Mr. Chrétien: The hon. Minister of Finance made a statement on this subject a few moments ago.

[*English*]

Mr. Stanfield: I should like to ask the Minister of Finance whether it is safe for us to assume that the government does not know what it is doing in this regard.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): Perhaps that question ought to be answered by the hon. member for Winnipeg South Centre.

Mr. Starr: You sure ran out of ideas for answers.

TRADE

WHEAT—INQUIRY AS TO EFFORTS TO PROMOTE EXPORTS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Because of the possible imminent retirement of the Minister of Trade and Commerce it becomes all the more important to ask this question now. In view of the fact that the wheat board's crop year has passed the halfway point, and in view of the fact that wheat exports are approximately 40 per cent of last year's level, can the minister say whether the government has in mind any special course of action to deal with this rather grave situation?

Hon. Robert Winters (Minister of Trade and Commerce): Yes, Mr. Speaker; an intensive program of hard selling.

Mr. Schreyer: As a supplementary question I would like to ask the minister whether in this intensive program of hard selling his department will examine the United States wheat selling program, under which they have been able to keep wheat exports running at approximately the same level as last year.

Mr. Winters: Yes, Mr. Speaker. I do not think we will be following the same practices, but we are in constant touch with the United States authorities in an effort to work cooperatively to maintain order in the wheat markets of the world, and we are making some progress.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I wish to direct a supplementary question to the Minister of Trade and Commerce. Does he think the final payments for wheat, oats and

barley will get out in time to tell western delegates to the Liberal convention what a great guy he is?

Mr. Speaker: Order, please.

Mr. Schreyer: As a further supplementary question, in view of the fact that off-farm movements of grain, movements from country elevators of wheat and other western grains have slowed down, and will slow down even more, is the government contemplating an increase in the moneys available for cash advances?

Mr. Winters: Not at the moment, Mr. Speaker, but as I have said on previous occasions these matters are under constant review and decisions will be taken to meet the circumstances.

Mr. George Muir (Lisgar): Mr. Speaker, I wish to direct a supplementary question to the Minister of Trade and Commerce. In view of the very tight quota situation in western Canada, and also because of the high interest rates, I wonder if the minister would impress upon his colleagues the necessity of increasing the amount of cash available under the cash advances legislation.

Mr. Winters: It is not a question of impressing anything upon my colleagues, Mr. Speaker. It is a question of consulting with the wheat board and arriving at the decision which is in the best interests of the farmers.

[*Translation*]

EXPOSITIONS

MONTREAL—INQUIRY AS TO FEDERAL PARTICIPATION

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I had a question for the Prime Minister but in his absence, I will put it to his parliamentary secretary.

Can he tell the house whether he received a request for official participation in "Man and His World" exhibition?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, in the absence of the Prime Minister, I might say that this matter will receive serious consideration and that I will be in a position to give an answer to the hon. member to-morrow or next Monday.

[Mr. Nasserden.]

[*English*]

IMMIGRATION

FACILITIES FOR PROCESSING APPLICATIONS FROM KENYA

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. In view of the action of the government of the United Kingdom in limiting Asian immigration from Kenya, and the expected increase in applications from those wishing to emigrate to Canada, is it the intention of the government to set up additional facilities to process these applications?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, we shall set up flying squads so as to meet the needs as soon as they arise.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, according to the news, those immigrants will have an extremely difficult time crossing the British boundary.

Can the hon. minister tell us whether those thousands of Asiatics coming from Africa will have easier access to Canada?

Mr. Marchand: Mr. Speaker, I do not intend to change the rules of immigration. Our rules must apply to Kenya just as they do, without discrimination, to all the countries in the world; should there be an unusually large number of applications, we will organize special teams of officials to process those requests as they are submitted just as we do in the case of other countries.

[*English*]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, might I further ask the Minister of Manpower and Immigration if in view of the circumstances now prevailing in Kenya these special teams will be sent out very soon, and not in some fairly distant future?

[*Translation*]

Mr. Marchand: Mr. Speaker, up to now, there has been no material increase in the number of applications for immigration to Canada. We have had an office for some time in Beirut and as soon as we find that a sufficient number of applications have been submitted—after all, we are not going to send special invitations to immigrants—we shall set up the teams I mentioned earlier.

[*English*]

Mr. Brewin: I have a further supplementary question, Mr. Speaker. Would the minister, without waiting for applications, consider whether there is not a clear indication now of the need for a special team to interview would-be applicants in Kenya, to deal with the present emergency?

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, may I ask a supplementary question. In view of the minister's statement in this regard today, have the minister or the government given any consideration to date to the admittance of Asians from Kenya to Canada within the terms of reference of his last policy statement, in which the emphasis allegedly is based on skill; or, in the alternative, to admit some of these people in co-operation with other commonwealth nations on more compassionate grounds?

[*Translation*]

Mr. Marchand: Mr. Speaker, the new immigration regulations and our restrictive criteria are extremely flexible and take into account the particular circumstances now prevailing in Kenya.

[*English*]

Mr. Woolliams: I have a further supplementary question, Mr. Speaker. Since almost 7 per cent of the labour force in Canada is unemployed at this time, has consideration been given to this fact in working out any plan with other commonwealth nations or with the nation in question?

[*Translation*]

Mr. Marchand: Mr. Speaker, our selection criteria also take into account the employment situation in Canada.

[*English*]

Mr. Frank Howard (Skeena): My question is supplementary, Mr. Speaker. In view of the statement of the minister that he may set up special teams if the need is required, may I ask him whether he will also consider doing something to deal with the large backlog of applications which exist in so far as Hong Kong is concerned.

[*Translation*]

Mr. Marchand: Mr. Speaker, the Hong Kong situation is improving. There are also problems in India and Portugal, but we are applying the selection criteria that have been approved by the government and that the members of this house know very well. As of now, we can accept into Canada a number of immigrants which I think can easily be absorbed, and obviously we must take into consideration the absorption limits of the country's population.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to put a supplementary question to the hon. Minister of Manpower and Immigration. Before undertaking such an immigration program, will his department get in touch with the provinces in order to know to what extent they can absorb that immigration, in view of the employment situation prevailing at the present time in various areas of the country?

Mr. Marchand: Mr. Speaker, I think that I have indicated that we have not changed our immigration policy and that we have no intention of doing so.

[*English*]

EXPO '67

PAYMENT OF FEDERAL SHARE OF DEFICIT

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct this question to the Minister of Finance. Is it the intention of the government to pay off the Expo deficit, which is now estimated to be somewhere between $200 million and $250 million, by the means of selling government bonds or out of general taxation?

Mr. Speaker: Order. I suggest to the hon. member that the question is not one of apparent urgency. I wonder whether it is not too general in nature to ask now.

Mr. Starr: Just $250 million.

Mr. Hees: On a point of order, Mr. Speaker, it seems to me that this is a very important matter, especially in view of the fact that at the present time the government wishes to raise additional money through taxation. It would seem to me that a matter of a quarter of a billion dollars is important at this time.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, if I may be permitted to reply I should like to say that I think the hon. gentleman understands that the paying of the Expo deficit will not require the raising of any additional money. That has already been financed.

Inquiries of the Ministry

PUBLIC SERVICE

SALARIES OF NURSES IN HALIFAX-DARTMOUTH AREA

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I should like to direct this question to the President of the Treasury Board. Could the minister now reply to the question I asked on February 9 with regard to the salaries paid nurses in federal employ in the Halifax-Dartmouth area?

Hon. E. J. Benson (President of the Treasury Board): Mr. Speaker, the officials of my department have been in consultation with the officials of the Department of Veterans Affairs with regard to this particular matter. I hope to be able to say something about it shortly.

FINANCE

INTEREST RATES ON SMALL BUSINESS AND FARM IMPROVEMENT LOANS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Finance. Will the government take immediate steps to revise the present statutory interest rates under the Small Businesses Loans Act and the Farm Improvement Loans Act? I ask this question at the present time as it has become almost impossible to obtain loans under either of these acts because of present high interest rates and the short supply of money available for loans by chartered banks.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I have already answered questions of this kind, and I refer the hon. gentleman to *Hansard*.

Mr. Nesbitt: Mr. Speaker, I realize that questions of a similar nature have been asked; that is why I prefaced my question with the words "immediate steps".

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, some time ago I asked the minister a similar question, at which time he informed the house he was planning to bring in amendments to the Farm Improvement Loans Act. Will the minister indicate when we can expect those amendments to come before the house?

Mr. Sharp: I am not in a position to say; this depends, of course, on how long the present part of this session lasts. The matter is under consideration.

[Mr. Sharp.]

AIR TRANSPORT

USE OF COMMERCIAL AIR LANES BY RUSSIAN MILITARY PLANES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, is the Minister of Transport in a position to answer the questions I asked on February 19 in respect of the intrusion into commercial air lanes, if any occurred, by Russian military planes which flew parallel to the coast of Newfoundland? At that time he undertook, in co-operation with the Minister of National Defence, to obtain an answer.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, it has been determined that at the time of the interception these planes were in international air space. They were followed constantly by radar throughout this period and were at all times under close observation, so there was no threat to civil aviation.

Mr. Harkness: Since they were intruding into commercial air lanes, contrary to international agreement, has any protest been made in connection with this action on the part of these Russian planes?

Mr. Hellyer: Mr. Speaker, I understand that Russia is not a signatory to the international air transport association agreement, although when Russian aircraft operate on transatlantic commercial flights they do so within the regulations of the agreement. Otherwise there is no requirement on the part of Russia to observe the rules, and I guess their military planes consequently do not.

THE MINISTRY

PROPOSED RESIGNATION OF CANDIDATES FOR PARTY LEADERSHIP

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, in view of the very proper action by the Minister of Trade and Commerce in resigning his portfolio before becoming a leadership candidate, I should like to request the Acting Prime Minister to ask the Prime Minister whether he is going to take the proper action of calling on other candidates to do the same.

Mr. Speaker: Order, please. I suggest that question does not fall within the administrative responsibility of the Acting Prime Minister.

EXPROPRIATION ACT

INQUIRY AS TO PREPARATION OF AMENDING LEGISLATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Acting Prime Minister which I believe is timely and appropriate. I must apologize for not sending him notice, but I had some unexpected broadcast appointments and was detained at the last minute by several ladies who phoned me to say how pleased they were to know that I was paired with the Canadian people yesterday.

Mr. Speaker: Order, please.

Mr. Herridge: Is the government giving consideration to the drafting of a new expropriation bill at the request of the Canadian Federation of Agriculture and other property owners affected?

Hon. Paul Martin (Secretary of State for External Affairs): I will have to take the question as notice, Mr. Speaker.

HIGHWAY SAFETY

INQUIRY AS TO DISCUSSIONS WITH DIRECTOR OF U.S. PROGRAM

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to ask the Minister of Transport whether, within the last few days, he has met with Dr. William Haddon, the director of the United States federal automobile and highway safety program. If so, can he report to the house on the result of such meetings?

Hon. Paul Hellyer (Minister of Transport): Yes, Mr. Speaker, I did have such a meeting which was very useful. We had a good exchange of ideas and opinions, and we agreed that the already close working relationship between our two countries would be reinforced and that at the official level particularly there should be meetings more often for a full exchange of information in order co-operatively to work out future standards which would reduce the carnage on our highways.

Mr. Grafftey: Did the minister inform Dr. Haddon that in addition to co-operating with the United States it was the intention of the Canadian government to enact specific Canadian standards in this field?

Mr. Hellyer: I suggested that it would be in our mutual interest to have standards as nearly as possible the same in the two countries, but in case we felt strongly that something was particularly required in this country, or that it was in the interests of Canadian citizens to have standards that were different, we would recommend them.

EXTERNAL AFFAIRS

VIET NAM—EFFORTS BY CANADIAN GOVERNMENT TO EFFECT CESSATION OF BOMBING

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs having to do with the recent declaration by U Thant that after visits he has made to various capitals he is convinced that if there was a cessation of the bombing in Viet Nam it would only be a matter of a few days before the various parties would be available at the conference table.

Is the minister of the same opinion? If so, has he given support to that view in the last few days through representations made to the United States? And in the face of the frightfully mounting United States casualty list is there any indication that the department of state is giving serious consideration to this matter, and has the Canadian representative now in North Viet Nam been in touch with the North Vietnamese government in the last few days?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the United States position has not changed. The President reiterated the other day that he continues to support the position known as the San Antonio declaration; that is, that the United States will not stop the bombing unless there is an indication that talks will take place promptly under circumstances that will not be of disadvantage to United States military operations.

We have been in touch with the Secretary General who has reaffirmed that in his view, if the bombing did stop, there would be a willingness on the part of the north to have talks within a few days. I should hope that would be the situation, but I can only say that on the basis of the reports from our ambassador who has just returned from Hanoi, we were not able to obtain any precision. We do believe the north has reaffirmed its willingness to enter into talks, but other than what the Secretary General himself has

said I have no reason to believe that these talks would take place within days or weeks, as he suggested. I would hope that to be the case.

Mr. Diefenbaker: Mr. Speaker, when the hon. gentleman mentioned that the Canadian representative did not have the same view as to precision held by U Thant as to the cessation of bombing by the United States being followed immediately by meetings at the conference table, does he have any idea how far North Viet Nam indicated it was prepared to go?

Mr. Martin (Essex East): Mr. Speaker, quite recently we have been told that they would enter into talks, but we have no precision as to when these talks would take place.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether, in light of the statement by the right hon. member for Prince Albert and the minister's reply, and in view of the tremendous urgency of this matter and the possibility of further escalation of the war, the time has not come for the Canadian government to take the initiative in asking that the whole matter be discussed before the Security Council again, before the situation gets worse?

Mr. Martin (Essex East): Mr. Speaker, for many months the Canadian government has taken the position that the question of the war in Viet Nam was one properly before the United Nations General Assembly.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. Does the minister imply that the United States attitude is that it will not give consideration to a cessation of bombing except on the basis of the so-called San Antonio declaration? Also, what has been Canada's view as expressed to the government of the United States on the basis of the Canadian ambassador's visit to North Viet Nam? Has Canada advised the United States that while it has not precise information it believes, on the basis of those discussions which have taken place, that a cessation of bombing would permit immediate consultation and consideration at the conference table?

Mr. Martin (Essex East): Mr. Speaker, Canada's position has not been changed since the declaration I made in the general assembly in September, when I said there should be a cessation of the bombing. We could not guarantee what the results would be, but we believed this would be a new situation and we saw no other way of bringing about meaningful discussions. That continues to be the position of the Canadian government.

[Mr. Martin (Essex East).]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Roger-E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, my question is for the Minister of Trade and Commerce. In view of the fact that the Minister of Justice, as recorded on page 7038 of *Hansard*, has likened the authority of the Canada Year Book to that of the People's Almanac, or Almanach Beauchemin, does the minister intend to cancel publication of the Canada Year Book?

Mr. Speaker: Order.

INDUSTRY

SYDNEY, N.S.—ADDITIONAL FEDERAL ASSISTANCE RESPECTING STEEL PLANT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, in the absence of the Prime Minister may I direct my question to the Minister of Trade and Commerce, who I understand is a member of the cabinet committee dealing with what we think is the most important situation to arise for some years, namely the steel crisis in Nova Scotia. May I ask the hon. gentleman whether he is in a position today to give hon. members a progress report as to what financial assistance is going to be available from the federal government to the province of Nova Scotia in this most serious situation.

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, a letter is in the course of preparation in reply to one Premier Smith wrote to the Prime Minister a few days ago. It will be dispatched, I should think, within the next day or two. It contains the government's present position.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, I have a supplementary question to the Minister of Trade and Commerce with reference to questions posed by the hon. member for Grey North and myself some days ago with regard to the dumping of steel. At that time the minister said:

I understand that a report has been prepared. I am not familiar with the exact details of the report, but perhaps I could familiarize myself with it and answer a little later.

Is the minister in a position today to answer this question, which has a tremendous effect on the steel industry in Canada?

Mr. Winters: Mr. Speaker, I have looked into this matter quite carefully. I believe the Minister of National Revenue is prepared to answer, and if it is agreeable to the hon. member I would ask him to do so.

[*Translation*]

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker, we are now having an inquiry in respect of this alleged dumping by some exporting countries and I think I shall be in a position in a few days to make a more detailed report to the house.

[*English*]

SHIPPING

REPORTED REFUSAL OF SHIPPERS TO USE ST. LAWRENCE PORTS

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I have a question for the Minister of Labour. In view of the firm refusal of large maritime shippers to accept cargoes to or from Montreal, Quebec city and Trois-Rivières during the coming season, does the minister anticipate taking any action, other than asking for studies, to reassure the people of those cities that goods can be received or sent out from these ports?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, as I think the hon. member knows, negotiations between the shipping federation and the six or seven unions concerning the shipment of goods from the three St. Lawrence ports are still pending, with the assistance of the conciliation officer, since last January. A conciliation board has been requested. The names of the two nominees were received by me from the parties on February 23 and over the next week end the documents were prepared and signed appointing these two men and asking them to agree on a chairman.

In addition to this action, I might add that, pursuant to the assurance given to this house many months ago that on completion of the one inquiry into the activities of the ports in question there would be a second inquiry into the cause of work stoppages, I announced some days ago the appointment of Mr. Justice Arthur Smith of the Superior Court of Quebec to chair this second inquiry. That appointment has been confirmed officially. Hearings of this inquiry commission will begin, I hope early in March. I do not know what more the government can do at this stage.

Mr. Grafftey: How about another task force to complete the delaying procedure?

Mr. J. N. Ormiston (Melville): Mr. Speaker, I have a question for the Minister of Labour. He answered it partially a moment ago. Would it be possible for the minister to tell us what progress has been made in the conciliation talks between the St. Lawrence seaway authority and its employees?

Mr. Nicholson: I have given a partial answer to that question, as the hon. member has said. The only thing that I can add is that the parties, in the course of their negotiations, are confronted with difficulties arising out of the interpretation of the Picard report, which I think one, if not both sides feel should after clarification be incorporated in the new agreements. I am not sure whether both parties wish arbitration on that point.

Mr. Lewis: They sure do. They have asked for it.

Mr. Nicholson: It is up to them. One side has asked for it, the other side asked for it and there was a slight delay and that request was withdrawn. I am making inquiries into this particular matter.

AGRICULTURE

POTATOES—REQUEST FROM NEW BRUNSWICK FOR ASSISTANCE

On the orders of the day:

Hon. Hugh John Flemming (Victoria-Carleton): Mr. Speaker, my question is for the Minister of Agriculture. Has the minister received a request from the government of New Brunswick concerning specific action the federal government might take to alleviate the distressed condition of the potato industry in that province?

Hon. J. J. Greene (Minister of Agriculture): I do not recall any specific request from that government which has been drawn to my attention, although the low price of potatoes in New Brunswick has been drawn to my attention. I do not believe there has been any specific government request in this regard.

Mr. Flemming: A supplementary question, Mr. Speaker. Would the minister undertake to inquire into the matter to see whether he has received such a request?

Inquiries of the Ministry

Mr. Greene: I will be pleased to do so, Mr. Speaker, and inform the hon. member tomorrow.

DRUGS

CHLORAMPHENICOLS—INQUIRY AS TO CLINICAL TESTS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, on February 14 I addressed a question to the right hon. Prime Minister in the absence of the Minister of National Health and Welfare. The Prime Minister said he would look into this matter. I should like to know whether the Minister of National Health and Welfare is ready to answer the question as to what clinical tests are now being made to protect the Canadian public against the use of the chloramphenicols which are now on the Canadian market but which were taken off the United States market about eight weeks ago.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, it is not possible for the Department of National Health and Welfare to conduct the kind of clinical work that my hon. friend has in mind, but I believe the food and drug directorate has taken action to remove from the Canadian market the products of two United States companies referred to by my hon. friend.

Mr. Rynard: A supplementary question, Mr. Speaker. I would like to ask the Minister of Consumer and Corporate Affairs what he has done about this situation. Does the minister know whether these products have been taken off the Canadian market? Can he assure the Canadian people in this regard?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, this is a matter of health. We have been in consultation with the Department of National Health and Welfare and the food and drug directorate. I want to make it clear that the importation and marketing of drugs from the safety angle falls within the direct responsibility of the food and drug directorate.

FINANCE

REQUEST FOR STATEMENT ON CANADIAN POSITION INTERNATIONALLY

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister for Finance. It arises from the recent arrangements made with the International Monetary Fund and some rather ill informed, speculative stories that have been appearing in the press with regard to the temporary deposits of Canadian funds which were the result of central bank operations. I wonder if the minister is prepared to make a definitive statement in the house with regard to our position so as to put an end to these irresponsible speculations, both on the air and in the newspapers.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, since I was unable to make a statement in the house I did make a statement on February 26, both on television and at a press conference, to explain the purpose of the transfer of these assets. However, I will consider the request made by the hon. gentleman if it would help to remove any unnecessary concern.

[*Translation*]

PUBLIC ACCOUNTS

REQUEST OF AUDITOR GENERAL FOR ADDITIONAL PERSONNEL

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to direct a question to the hon. Acting Prime Minister and ask him whether it is the government's intention to implement the requests of the Auditor General of Canada (Mr. Henderson) for the recruiting of qualified personnel for the auditing of government accounts.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I shall answer this question tomorrow or perhaps Monday.

[*English*]

INCOME TAX

INCLUSION OF GRATUITIES PAID TO RETIRED MINERS

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Last week I asked a question of the Minister of National Revenue concerning the justification the government had for inclusion for income tax purposes of gratuities received by retired Cape Breton miners. The minister said he would probably have an answer soon.

Hon. Jean Chrétien (Minister of National Revenue): I do not have a reply to give to the hon. member, but I will give a reply tomorrow. I had one ready, but I forgot to bring it.

AIR TRANSPORT

INQUIRY AS TO IMPLEMENTATION OF REGIONAL POLICY

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): My question is for the Minister of Transport. Now that the Canadian Transport Commission has recommended the discontinuance of subsidies for air transport on the prairies, will the minister advise the house when the regional air policy announced by the government in September, 1966, will be implemented so the prairies can be assured of continued air service?

Hon. Paul Hellyer (Minister of Transport): This matter is under most active consideration, Mr. Speaker. It is important, and we are searching for better methods of providing excellent service to my friend and our many other friends on the prairie provinces. We think this can be achieved.

Mr. Dinsdale: May I ask a supplementary question. Can the minister indicate the reason for the delay in implementing this policy which, as he has just indicated, is very important?

Mr. Hellyer: Because it is so important; we want to make the right decision to assure provision of the kind of service my friend would like to see.

Mr. L. R. Sherman (Winnipeg South): Does the minister not agree that time for consideration of this service on the prairies has already gone beyond the point where—

Mr. Speaker: Order, please. The hon. member's question is argumentative.

RURAL DEVELOPMENT

MANITOBA—ARDA AGREEMENT RESPECTING INTERLAKE REGION

On the orders of the day:

Mr. Eric Stefanson (Selkirk): Mr. Speaker, I have a question for the Minister of Forestry and Rural Development. Can the minister now answer the question I asked him on February 15 relating to the vocational training school program for the interlake area of Manitoba outlined in the ARDA-FRED agreement? Can he give assurance now that there will be no cut-back in this program?

[*Translation*]

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, negotiations are being carried on between the two departments.

[*English*]

GRAIN

REQUEST FOR FIXED DATES FOR FINAL PAYMENTS

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): My question is for the Minister of Trade and Commerce and relates to the wheat board. In view of the increasing expectation that farmers will operate on a businesslike basis, and in view of the fact that payment dates vary from year to year, will the minister consider recommending to the wheat board that fixed dates be set upon which the final payments may be made year after year?

Hon. Robert Winters (Minister of Trade and Commerce): I will be glad to communicate with the wheat board. This suggestion would be very difficult to implement though because the final date depends on the size of the crop and the ability of the board to sell it. We are trying to expedite the payments; we are doing everything possible to get cheques out as quickly as the wheat board can.

Mr. R. D. McLelland (Rosetown-Biggar): May I ask a supplementary question. Is the Canadian Wheat Board closing its books today in so far as the 1966-67 wheat pool is concerned, as previously announced, or is the board asking for additional time as a result of the government's action on Monday?

Mr. Winters: No, there has been no request for additional time.

Mr. McLelland: Is the board closing its books today?

Mr. Winters: As far as I recall. I have forgotten the specific dates I gave to the house about a week ago, but they are the same dates.

AGRICULTURE

PROPOSED REDUCTION OF SUBSIDIES FOR HOGS, LAMBS AND CHEESE

On the orders of the day:

Mr. R. E. McKinley (Huron): My question is for the Minister of Agriculture. I wonder if, following the representations made by the Canadian Federation of Agriculture, the minister has decided to reverse the decision to reduce the quality subsidies on hogs, lambs and cheese?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the very carefully prepared and

well presented brief by the Canadian Federation of Agriculture is being considered by the government, but no changes are contemplated at the present time.

CANADA PENSION PLAN

ELIGIBILITY OF COMMON LAW WIVES AND ILLEGITIMATE CHILDREN

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): I have a question for the Minister of National Health and Welfare, of which I have given him notice. In a recent announcement the president of the Quebec pension board lists as eligible beneficiaries, under certain conditions, common law wives and illegitimate children. Are common law wives and illegitimate children eligible for widow's and orphans' pensions under the Canada Pension Plan?

Mr. Speaker: Order. I hesitate to suggest that this question might be placed on the order paper. Perhaps we might allow this question and then go on to orders of the day.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the benefits under the Quebec pension plan and the Canada Pension Plan are identical, so that what applies in one case applies in the other. Under certain conditions, which are rather complicated, common law widows are eligible for benefits under the Canada Pension Plan. I shall give the hon. lady details of the circumstances later. In the case of illegitimate children, neither the Canada Pension Plan nor the Quebec pension plan makes such a distinction. The only requirement is that the child be the child of the contributor. The question of whether the child was born in or out of wedlock is not relevant.

Mr. Donald MacInnis (Cape Breton South): I rise to ask a supplementary question which relates to the answer given by the Minister of National Health and Welfare with respect to the Canada Pension Plan, in which he spoke of equity. I now ask the minister, where is the equity when gratuities given to retired Cape Breton miners are not treated in the same manner as gratuities given to retired executives of large companies?

Mr. MacEachen: The question is not one relating to the Canada Pension Plan.

Mr. MacInnis (Cape Breton South): I have related the question to the Canada Pension Plan. The minister's original statement was that since these were gratuities they could not be established as pensions and should be included for income tax purposes. The Minister of National Revenue fails to give me an answer and the Minister of National Health and Welfare says it is impossible, but the government insists on collecting this tax.

EXPROPRIATION ACT

DISCUSSIONS WITH FEDERATION OF AGRICULTURE RESPECTING AMENDMENT

On the orders of the day:

Mr. Roxburgh: I should like to ask a question. Your Honour has not looked this way.

Mr. Speaker: The hon. member is not the only one who has not had an opportunity to ask a question. I know the hon. member wanted to ask a question, but other members who were also looking for that opportunity did not have it. We have already gone beyond the time allotted to the question period by quite a few minutes and I suggest to hon. members that we ought to get on with the business of the house.

Mr. Roxburgh: I rise on a point of privilege, Mr. Speaker. I happen to be the only member on this side of the house seeking to ask a question today. Surely it is fair that we have at least one question from this side of the house.

Mr. Speaker: The hon. member for Norfolk.

Mr. Jack Roxburgh (Norfolk): I should like to direct my question to the Minister of Justice, and ask whether he has had time to give consideration to the question I asked on February 19 about the Expropriation Act. The question was taken as notice by the Solicitor General.

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, the question of the revision of the Expropriation Act is under study in my department, but as yet I cannot report a date upon which it will be submitted to the cabinet.

TRANSPORTATION

REQUEST THAT PARLIAMENTARY COMMITTEE COMPLETE MARITIME PROVINCE HEARINGS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): May I just ask a question of the Minister of Transport. Has the minister received an interim report of the short but heroic trip of the transport committee to the maritimes? In

view of the tremendous impression we made in those few hours, will he make sure the committee makes an early return to the maritimes?

Hon. Paul Hellyer (Minister of Transport): I understand, Mr. Speaker, that an impression was made both ways. The visit was short but hospitable, and it is to be hoped it will be resumed at a later date so the committee can determine the information we had hoped it would determine in advance of new legislation to assist in solving the transportation problems of the Atlantic provinces.

Mr. Forrestall: A supplementary question, Mr. Speaker.

Mr. Speaker: Order. I suggest to hon. members that we have gone quite beyond the question period. I have tried to be as lenient as possible, but the questions must come to an end at some time. I also suggest that this should not be treated as a precedent.

UNEMPLOYMENT INSURANCE ACT

MEASURE TO BROADEN COVERAGE

The house resumed, from Wednesday, February 28, consideration of the motion of Mr. MacEachen (for Mr. Nicholson) for the second reading of Bill No. C-197, to amend the Unemployment Insurance Act.

Mr. Frank Howard (Skeena): Mr. Speaker, when the regulations under the act were amended by order in council in 1957 to bring fishermen within the purview of the Unemployment Insurance Act and provide them with coverage, the then minister of labour, Milton Gregg, admitted that this action was taken in order to establish a sort of welfare scheme for fishermen to meet economic difficulties at that time prevailing in the Atlantic provinces. In fact, this coverage is still looked upon by many as a sort of welfare scheme.

The minister of fisheries of that day, Jimmy Sinclair, when this matter was dealt with in 1957, also stated on a number of occasions that this step brought about a regulatory monstrosity, that anybody who looked at the regulations would realize that the act and its concept had been distorted to provide coverage for fishermen. The difficulty that arose was in trying to assist people who found it difficult to obtain regular employment for a reasonable period of time, and grafting that concept on to another concept. As a consequence the regulations relating to fishermen are most inequitable in their application.

Primarily the regulations provide that a fisherman becomes entitled to seasonal benefits and is required to contribute to the fund for 15 weeks to become eligible. However, I am sure that the Minister of Labour (Mr. Nicholson), coming as he does from British Columbia, knows quite well that some of the "high line" fishermen, as we call them, do make a fairly good income from fishing, at least by fishermen's standards. In some cases, to pick a figure out of the air, they make $9,000 or $10,000. Yet even with such incomes they are eligible to receive unemployment insurance benefits after they have made their 15 weekly contributions.

These "high line" fishermen look upon these unemployment benefits as nothing more than beer money, and they are commonly referred to as such among fishermen. On the other hand, the man who is a gill net fisherman sometimes finds his opportunities to fish restricted by Department of Fisheries closures, and thus he may be denied the opportunity of earning a living for some weeks during the fishing season. Consequently his income during the season may amount to a paltry couple of thousand dollars, and at the end of the fishing season he finds himself in debt to the fishing company. Thus the fisherman who most needs assistance is discriminated against because he is unable to put in his 15 weeks to qualify for unemployment insurance benefits. In many cases this is because the colleague of the Minister of Labour, the Minister of Fisheries (Mr. Robichaud), has denied this fisherman the opportunity to fish as a result of the imposition of closures for conservation purposes.

I am not questioning the value of closures. I believe we must concern ourselves about conservation. However, it is an anomaly when regulations permit someone with a fairly substantial income to draw unemployment insurance benefits which are looked upon as pin money but at the same time deny similar payments to fishermen who really need them. I say this principle is wrong and has been so ever since 1957. Everyone in the fishing industry knows it is wrong and I am sure the minister knows it is wrong. Yet the regulation in question is still in existence. It should have been changed years ago and it should be changed now.

It seems passing strange, Mr. Speaker, in view of the extensive study that was obviously made of unemployment insurance on behalf

of the government by the Gill committee more than five years ago, that such an anomaly has not been removed from the legislation. The regulations have to take into account the peculiarities of the fishing industry. For example, the employer-employee relationship is different from that in most other industries; it is not so direct or well connected. That they do so is reflected by the fact that they are extremely involved and intricate. Therefore, because of these peculiarities and the different concept involved it seems to me that the regulations should be altered once more so as to gear them to the need of fishermen for unemployment insurance benefits, which is directly related to the amount of income at their disposal. If their income is obviously low, they need assistance; if it is high they do not. I think that this misuse of the concept that people in difficult circumstances require assistance should be removed.

I should now like to pass on to another section of the act. Many times in this house questions have been asked about section 54 and the deprivation of benefits as a result of a strict interpretation of whether or not employment is available for certain people. I shall read briefly from the act in order that the section to which I refer will appear in the context of my comments. Section 54(2) reads as follows:

• (3:40 p.m.)

An insured person is disqualified from receiving benefit in respect of every day for which he fails to prove that he was

(a) capable of and available for work, and

(b) unable to obtain suitable employment.

The words "available for work" need to be dealt with. The minister knows this. The matter has been raised by many members of the house on a number of occasions. I think I am right in saying that the minister's predecessor, now the Minister of National Health and Welfare (Mr. MacEachen), agreed in essence with the complaints and strictures concerning the part I read. He intended to do something about it but the language is still there. Difficulties have continued for years, and I submit this is all wrong.

I know of instances where insurance officers by means of leading questions to applicants for unemployment insurance benefits have disqualified those applicants. In Terrace, British Columbia, a woman who had worked in a hospital went before an insurance officer who asked her questions along these lines. "Would you be available to work, in your occupation, in a hospital?" The woman said, "Yes". The officer asked her, again by way of a leading question: "I assume you would prefer to work in Terrace or in this area?" Again the woman said, "Yes". Naturally her answers to both questions would be yes. She works in hospitals and she would prefer to work where she lives because that is where her family lives. On the basis of those answers to leading questions the officer disqualified her from benefits. He said that she had confined herself, that she would want to work in a hospital in or near Terrace.

Mr. Nicholson: Would the hon. member permit a question? Does the hon. member know whether these facts to which he has just referred were drawn to the attention of the chief commissioner or the minister at the time? If not, I will be glad to have them looked into.

Mr. Howard: With regard to this specific case, yes. I had correspondence with Mr. Fortier, who at that time I believe was the chief commissioner, and with the minister's predecessor. The only answer I got was that they could do nothing about it since the woman had confined herself in her availability for work. In other words, she had restricted herself. I must add that she had done so almost at the insistence of the insurance officer. I was told that there were numerous umpire's decisions to support that position.

Mr. Knowles: That sort of thing has happened to me dozens of times.

Mr. Howard: I had much correspondence but no satisfaction. The hon. member for Winnipeg North Centre (Mr. Knowles), in an aside which the minister may not have heard, said that this has happened to him dozens of times. I am talking of circumstances where a person is denied his right to receive unemployment insurance benefits because of the manner of questioning by officials and the answers he gives. I could cite other cases. I know of one where a family moved to another area. The mother of the family had worked in an office in a secretarial capacity. In the new area she applied for unemployment insurance benefits and for a job, because these two matters are connected, and was denied benefits because there were no jobs available in her occupation of secretary. All that that woman had to do—and the minister knows this and I advise people to do this—was to say: Yes, within the meaning of section 54(2)(a) of the act I am available for work anywhere at any income.

It is unfair and regrettable that insurance officers and those who administer the act place applicants, by design or otherwise, in a position where they are denied the benefits to which they are entitled. We have raised this matter a number of times and we are raising it again. It has been spoken of by members of all parties in the house, and hon. members received assurances from the minister's predecessor that something would be done about it.

When the minister was introducing a bill to alter the act I think he could also have covered this aspect along with other aspects that have been complained of. There has been a failure by government to take action, not by the present minister alone but by the ministers of labour generally who have known about this situation and other anomalies in the act and have allowed them to go on uncorrected. No reasonable solution has been suggested to parliament as to what ought to be done. The closest we came to a solution was when the Minister of National Health and Welfare said the other day when moving second reading: "Well, we are going to change the act generally but at some time in the future; we are studying it carefully." This is not good enough. It may be acceptable to those members of cabinet who like to dally and procrastinate on serious problems but the answer is not good enough for the people of this nation who are denied their fair rights under this act.

We live in a computer age and we all have a social insurance number. My friend from Winnipeg North Centre calls it the "sin" number. Somewhere in the government's files we are all listed numerically. Anybody who has such a number can quickly be pinpointed by government officials. I am sure it would be cheaper and more efficient to use computers in such a way that a person's unemployment insurance contributions could be determined instantly. A computer could determine just how much has been paid in and whether a person has made sufficient contributions to be eligible for benefits.

The people of northern British Columbia, particularly in the logging industry, must use the mail service. They do not live near an unemployment insurance office and they must do business by mail. I know of cases in which there has been extended correspondence between claimants and unemployment insurance offices. The gist of the correspondence from the unemployment insurance office is: We are sorry but we did not know you worked for this employer, we have not got your book back, where are your stamps? The individual has not got his book; his employer has it. Or it is in somebody's office or it has been sent from Prince Rupert to Vancouver to allow somebody else to look at it. And in this whole mess of administrative bureaucracy the individual claimant is unable to receive what he justifiably considers his rightful benefit under the act. He is denied that benefit week after week after week because somebody, somewhere, has goofed.

• (3:50 p.m.)

The minister knows this to be the case. Anyone who has had any relationship with the unemployment insurance structure, particularly through the mail, knows that something is wrong. The operation has been in existence for some 25 years now but it is still in an accounting mess. Surely some mechanism could be developed by means of which officials could make use of a computer somewhere and get information as to the amount of the contribution an individual has made without the necessity of resorting to lengthy correspondence and telephone calls to employers scattered across the country, as well as to various sections of the insurance set-up, in an attempt to find out why an individual is being denied what is rightfully his, namely, the opportunity to collect unemployment insurance benefits at the time he needs them, that is, when he is out of work. Surely it is not right that a month or two months should go by before somebody gets the record straightened out and authority is obtained for payments to be made.

Let me say in closing that the bill before the house is certainly acceptable. I am sure no one will object to its substance. But it leaves a great deal to be desired because it is just piddling around the edges of a system which is not applicable to present day requirements. It is most regrettable that after all the studies which have been made throughout the years, after all the application of the abilities of the minister and his predecessor with respect to unemployment insurance, the amendments should do nothing to touch the basic problems which face us.

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to remind the minister that I have had a great deal of correspondence with him on the question of the closing of unemployment insurance offices across Canada and about the wisdom of the government in following this course. I have also talked to the

minister about it. He was cautious. He was stubborn—maybe I should say he was firm. In my own area he closed an office in Orillia which served 40,000 people and one at Midland which served about the same number.

Mr. Nicholson: Would the hon. member permit a question? Did I not point out to him at the time that it was not the minister who closed these offices? Was it not a commission responsible to parliament that closed the offices? Is not the minister only the agent or instrument through whom they respond in this house? The offices were closed by the commission.

Mr. Rynard: I accept that explanation but I tell the minister that he is the one who is responsible. If he is not head of that commission the people have no representative.

Mr. Nicholson: Then you had better press for a change in the act.

Mr. Rynard: We had better change it right here, because if parliament does not control these things the people have no effective representation.

Orillia is a town with a population close to 20,000 and the population of Midland is around 15,000. The minister says that centralization is necessary. I talked to him about this. He and I are on friendly terms and we discussed the matter. When I was through I still thought he was stubborn. Perhaps he would like me to use a more polite word and say he was firm. He said that centralization was necessary in the interests of economy and efficiency, that the computer age was here. When we look at the record of this government in the field of expenditure, most of us would doubt the wisdom and economy of what has been done. It is strange to note that out of 41 offices closed, two were in the Simcoe area.

Mr. Nicholson: Again I do not like to interrupt but, as a matter of privilege, I am sure the hon. member would not want to go on record as saying that only 41 offices were closed. Over a hundred, perhaps several hundred, have been closed.

Mr. Rynard: Yes, I will correct that statement. I was reading the last figure I had here. I have a list. Eighteen offices were closed across Canada in 1965, 47 were closed in 1966 and 41 more in 1967, making a total of more than 100 offices. I was referring to the 1967 figure. Will more bureaucratic control produce the advantages which are claimed? All that has happened so far is an increase in the cost to the taxpayers. As I say, it is strange that out of the 41 offices closed last year two were in the Simcoe area. I do not think there was anything political about the decision. One of the offices was in Orillia where the rate of unemployment is higher than average. I pointed this out to the minister and so did the town council of Orillia in a brief which they presented. The council said a great many people would be inconvenienced. Is it really the function of governments to inconvenience the people? People are being put to the trouble of driving up to 42 miles one way in that riding at considerable expense to themselves. If anyone says this is not the case, I have example after example showing that it has happened. I shall not take up the time of the house by citing them but I will give them privately to the hon. gentleman if he wishes.

The submission says that many of the residents require personal assistance in making their applications because of language difficulty. This is true and I can substantiate it from letters I have received. It says that many of the residents require personal assistance because of their age or lack of education. Some are without transportation. Every one of these statements is correct. If the minister wants proof I will be glad to furnish it. People in the areas affected have come to the conclusion that the authorities do not believe in bringing the service to them but rather in taking it away. After the events of the past week when we witnessed the defiance of parliament on blue Monday, we can understand that the government has lost touch with the people. It is a regrettable attitude. The hon. member who represents the Liberal party in York-Humber (Mr. Cowan) indicated that the cabinet and the Prime Minister did not pay much attention even to their own supporters. Well, the time will come when the electors will settle these matters.

Now I should like to ask the minister whether any senior members of the commission's staff, say those with five years service or more, have quit because of the reorganization in the area I have mentioned. How many people engaged in the unemployment insurance service were forced to move? How many could not find suitable accommodation and were obliged to drive 50 miles to work? How much money was saved by the new arrangements? I point out that on the other side of the coin there is the inconvenience caused to applicants and the money and time spent in

travel. All the people in my riding are in favour of reducing expenses but when we have services taken away from us, when we have taxes going up and the cost of living going up, we can only wonder about the wisdom of the minister in doing this.

• (4:00 p.m.)

Before this debate closes I would like the minister to tell us how long it will be before the central office he set up to replace the other two offices in the area will be closed? When it does close, will the people have to go to Toronto? If this is the march of time then let the minister set up a staff in Toronto and centralize the service but at least leave one person in each of the offices at Orillia and Midland and computerize the operation through the central office.

How logical and how practical is the minister's thinking? If we were to carry this approach through to a definite conclusion we could apply it to cars, boots, machinery equipment and all the other things that we use and buy. Supplies of these articles for my area could be centralized in the city of Toronto and distributed from there. No doubt the price would be cheaper but the over-all cost would be great. You would no longer have small cities and towns with their professional and business people. The effect would be to destroy them.

I now wish to deal with a question that strikes home to a good many people. I speak of the problems of men 65 years of age and over when they seek unemployment insurance benefits. I have in mind one man who is about 66 years old. He had always contributed to the unemployment insurance fund and never drew benefit from it. Now he has been laid off work because he is over 65 years of age and even though he is physically and mentally fit he cannot get another job. He has been told that there is no job available for him. He is not wanted in the work force any more.

Then there is the other side of the picture. I am thinking of a man aged 65 years old who suffers a coronary attack and after a time tries to go back to work but cannot work. When his unemployment insurance runs out he has to go on welfare if he has no other source of funds. This is one of the saddest facts of life. Many of our citizens are capable of working at 65 or 75. What kind of society have we got when we say that a man's age is the determining factor in employment? Do we not need the brain he has developed over the years? I can cite no better example than that wonderful man in the other chamber who has celebrated his ninetieth birthday, a man who could come into this house and take his place in it any day.

I say, let us get off our high horse. Nobody should be finished and written off at the age of 65 if he is mentally and physically fit. Let us look after properly the fellows under 65 years of age who are not able to work. When unemployment insurance was introduced in 1941, in principle it was for the benefit of those who ran the risk of seasonal unemployment. Today the minister is changing the rules. It looks to me as if this legislation is now going to cover everybody. We are changing the principle. In other words, the minister is bringing in modified welfare.

I now wish to speak about the farming situation. I am not going to take up the time of the house by speaking at length on it. Possibly on clause by clause examination of the bill I will have more to say about it. A great many farmers are disturbed about unemployment insurance. On dairy farms and beef farms work goes on the year round. The people who work on those farms object to paying unemployment insurance contributions and the farmers or operators of the farms object to paying them. They are altogether different from the cash crop farmer. Yet no distinction is made.

When did you ever hear of a man being unemployed on a dairy farm? If a dairy farm employee quits it is almost impossible to find somebody to take his place. Why should this legislation be compulsorily applied to these people? This is a complete departure from the insurance principle of 1941. I shall have more to say about this matter when the bill is being discussed in committee. If the minister would like to talk to me in the meantime about the possibility of putting somebody back in the office at Orillia and in the office at Midland I would be glad to talk to him and show him some of the letters I have received.

Mr. Norman Fawcett (Nickel Belt): Mr. Speaker, it is not my intention to take up too much of the time of the house or to hold up this amending bill because we in this party realize the value of it. As my colleague the hon. member for Skeena (Mr. Howard) has said, we accept this legislation because at this time with the increase in the cost of living we certainly feel there should be an increase in unemployment insurance benefits. However, also like my colleague I believe the time is long overdue for major amendments to the

act and to the administration of certain parts of it.

I commend the minister for extending eligibility for unemployment insurance benefits to those whose total yearly earnings do not exceed $7,800. When I was first elected to office the majority of the complaints I received about unemployment insurance came from people who had been elevated to what could be called semi-supervisory positions and as a result unemployment insurance premiums were not deducted from their wages because then they were salaried people whose incomes were about the $5,460 mark. These men still wished to be covered by unemployment insurance because in a sense their new positions were only temporary. Any lay-off would mean that they would be sent back to their former positions, and if they lost their employment altogether they would lose a considerable portion of their benefits. I certainly commend the minister for increasing eligibility to the $7,800 mark because I think this is a very good move.

• (4:10 p.m.)

My colleague the hon. member for Timiskaming (Mr. Peters) raised a point with which I agree concerning the separation of the national employment service from the administration of the Unemployment Insurance Act. Recently in respect of an appeal I asked whether there was any indication that the applicant had refused to take any kind of job which had been offered to him in the field with which he was familiar. I was informed that the officials were not concerned about this but were only involved with the administration of the Unemployment Insurance Act. I believe there should be a closer tie-in between the employment service and the administration of the Unemployment Insurance Act.

I would be the first to agree that there are abuses of the unemployment insurance fund. We all know this. In any program of this nature there are bound to be abuses. However, because of these abuses I feel that many people who are legitimately entitled to receive benefits from the unemployment insurance fund find it difficult to qualify for benefits. My colleague the hon. member for Skeena referred to section 54 with regard to the matter of disqualification. He cited some of the experiences he has had in this connection.

I should like to direct the minister's attention to one case in which I was involved recently. I should not like to suggest that this person was deliberately led into the position of being disqualified but I believe that certain questions directed to her may have been responsible for her disqualification. Perhaps I might give an outline of the case. It had to do with a lady who had been employed in a fairly heavily populated area where it was not too difficult to obtain employment. She had been working for a considerable period of time and had been contributing to the unemployment insurance fund. When her employment ceased she was unable to obtain any other employment in that area. I presume the main reason was that it was the fall of the year when there was not too much work available in the line she was following.

When this lady went to register for unemployment insurance she was notified that she was disqualified because she had restricted herself so far as employment was concerned. The only way in which she had restricted herself was that she had stated it was impossible for her to get to Sudbury some 20 miles distant for seven o'clock in the morning because there was no bus service which would get her there for that hour. I believe this is a ridiculous situation. She lived in an area where work had previously been provided for her. Why should she be disqualified simply because there did not happen to be a suitable transportation service which would get her to Sudbury for seven o'clock in the morning?

I believe there is a need for better public relations between those who administer the Unemployment Insurance Act and the people who contribute to the unemployment insurance fund. There seems to be a belief on the part of some of the administrators that they are doling out some kind of charitable fund rather than administering an insurance fund into which these people have been paying. I do not suggest that all the administrators are guilty of this but I am quite sure some of them do take that attitude. As a result some people actually do not apply for unemployment insurance when they are legitimately entitled to it because they feel they may be degrading themselves by asking for charity rather than for something which under the law is rightfully theirs.

I believe that more information in respect of unemployment insurance should be available to the people. I fully realize that some information is available. It is true that many people do not try to acquaint themselves with their rights under the act. By the same token, however, too many administrators do not

seem to be concerned about this and do not do anything in an effort to enlighten these people. As a result they are completely lost. I believe that many of these administrators should realize that this is an insurance fund into which people pay and therefore it should not be treated as if it were some sort of a charitable fund.

I believe it was my colleague the hon. member for Vancouver East (Mr. Winch) who referred to people with partial physical disabilities and those who are receiving pensions and cannot receive unemployment insurance benefits. I have not had too much difficulty in respect of pensioners provided they stated they were available for employment any place and were in good physical condition. I do not have any argument in that regard but I do have an argument in respect of people who are partially physically disabled.

There are many people who are perhaps unable to dig ditches or do other types of heavy work but are able to engage in other types of employment. There are people over age 65 who, because of the type of employment they had previously, receive very little, if any, pension. I believe a second look should be taken at the situation in which they find themselves. If they are available for employment as watchmen, security guards, gatemen or something of that nature, even if such employment is not available they should be entitled to unemployment insurance benefits because many of them have paid into the fund ever since it came into existence.

When I rose to speak I indicated that I did not intend to say very much. I thought that perhaps some of the problems in which I have been involved were unique but after listening to what has been said I find that they are fairly general in nature. I certainly commend the minister for bringing in this amendment to the act which provides for increased benefits. I should also like to say to him, however, that like my colleague the hon. member for Skeena I believe it is high time the whole act was revamped because so far as I am concerned there are altogether too many holes in it.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I would be remiss in failing to take part in this debate, because having been unemployed myself more than once, I am quite familiar with the administration of the Unemployment Insurance Act and with the problems which arise at times. I would also be remiss in not calling the attention of the house to certain facts which, in my opinion, should be corrected.

First of all, I must say I am in favour of this bill designed to readjust benefit rates. But it must nevertheless be admitted that this piece of legislation contains certain restrictions, as evidenced by three things. It involves something "contradictory" "compulsory" and "contributory."

What I find strange and wish to stress at once is the contradiction apparent in the bill. An increasing number of people are in favour of full employment and believe this possible. They try therefore to improve the Unemployment Insurance Act. I must point out right away this obvious contradiction. They should be honest enough to admit that full employment is practically impossible in a period of rapid development, when working methods are changed by automation, with the result that a certain percentage of workers are always out of work. Railway workers know something about it, and it is unfortunate that the expected and vaguely promised adjustment of benefits has been delayed so long.

You will agree that I could also mention many other classes of workers.

• (4:20 p.m.)

However, let us rather try to be logical in the face of the existing situation, and let us consider how the workers suffering from unemployment could be helped.

Since the passing of the Unemployment Insurance Act, more than twenty-five years ago, a number of changes have been made. In the majority of cases, it was mostly a matter of trying to secure the protection of the fund and providing employment for a growing number of government employees.

In 1942, the government's contributions and the dues paid by employers and employees were about $44 million and administration costs a little over $2 million, while unemployed workers received $27,752,000 in benefits.

And in 1962, twenty years later, the amount of contributions by government, employers and employees was a little over $325 million, the benefits paid were over $400 million with $45 million in administration costs. This is now big business, and a lot of money changes hands.

The proposed amendments to Bill No. C-197 are socialistic in spirit: to extend coverage of the Unemployment Insurance Act to all

Canadians with a yearly income of up to $7,800. The government wants to include as many people as possible in the compulsory contribution system.

There is nothing in Bill No. C-197 providing for changes to be made in the established methods of making more flexible the eligibility requirements of an unemployed worker. The protection of the fund is first provided for.

The rate of benefits shall increase in proportion to the gains made by the worker. Salaries, in many regions called economically underprivileged areas, are generally low. The increase in benefits will not therefore be proportional to the increase in the cost of living.

I am not against an adjustment in the rates of dues, benefits and non deducted gains. However, one must not forget that the principal aim of an unemployment insurance act is to help the unemployed. Noting that those who prepared Bill No. C-197 seem to have taken great pains to protect the fund rather than the unemployed, I conclude that this protective spirit will reveal itself especially through the inspectors of the commission who are often inclined to take a chance on spending $100 in an attempt to find that a poverty stricken unemployed has received $5 or $10 too much in benefits.

To my mind, the most important thing the government should do, first of all, instead of paralysing construction through higher interest rates and taxes on building materials, is to undertake vast construction programs and build hospitals, old peoples' homes, rehabilitation centres for the handicapped of all ages and research centres.

The implementation of such programs would contribute to reducing unemployment and would be more in order than the introduction of medicare which will not give the people of this country one single additional doctor or hospital bed. How many other useful projects could be undertaken to reduce considerably the effects of that social evil which is called unemployment. Whether it be occasional, fractional, seasonal or chronic—those are the new words we have found since the act was passed in 1946—an unemployment period is always demoralizing for its victims.

That is why we should have an act, clearly drafted, with rules to enable understanding civil servants—I know there are some, I know many of them—to really help the unemployed through a humane application of a so-called social law.

[Mr. Dionne.]

High officials, civil servants, at middle or lower echelons, would do well to remember that they are the servants of the people and not their tyrants, that the people are individuals and not robots; in short, that the people pay them and that they expect from them services and not trouble.

A better act might keep them from evading the law of gravity, and let them keep both feet on the ground as well as keep them from getting swelled heads, which at times leads some of them to think too highly of themselves, with the result that the unemployed experience serious difficulties.

Not too long ago, we intervened through various means, including representations from local organizations, with a view to avoiding the concentration of unemployment offices in large centres. One of my colleagues pointed this out a while ago and I know it leads to inconvenience.

Mr. Speaker, this plan goes completely against the economic decentralization talked about when the designated area scheme was set up. While the government asks the industry to settle there, these same people would take the employees away from these areas.

The bill proposes to extend the act to cover agricultural workers. I fully approve of this decision, but it will be necessary to inform the unemployed of the procedure to be followed. I think the employees in the local offices can best answer the many requests for information.

Certain senior officials often proclaim that a high percentage of unemployed workers are without work because they do not have a grade 5, 6 or 7 education. However, the procedure to be followed in implementing the plan is unrealistic because it requires unemployed workers to fill out complicated forms which some officials take pleasure in drawing up in ever increasing numbers. To give an example of the kind of form which an unemployed person has to fill out, in various circumstances, I will mention a few from an average list I have here. These forms are sent to the unemployed and are sometimes difficult to fill out. Here are a few:

Statement by the claimant;
Application for unemployment insurance benefits by mail;
Request for additional information;
Notice of incomplete request for benefits;
Report of claimant by mail;
Notice of incomplete report;
Application for employment by mail;

Request for extension of periods of eligibility;
Request for antedating a claim;
Amendment of social insurance registers;
Amendment to social insurance registers;
Questionnaire for farmers;
Request for insurance booklet;
Application for family support rates;
Family dependent certificate;
Notice to farmers.

Moreover, something else has been devised. It is a new card, about 3½ by 5½ inches. The other day, I found out for myself that there were 56 punched holes in those cards. Forms are made smaller; there are fewer written items perhaps but holes are punched in the forms. There are a series of holes and in many places, people find it difficult to write what they want.

If positions in the public service relating to unemployment insurance are added, as well as certain titles of officials, I submit that this is not likely to clarify things in this complex act. For instance, I have here the titles of officials in the board of referees. The "Supervisor of the decisions section of the claims operations division, Unemployment Insurance Commission," Assistant's assistant to the chief registrar, national registration branch, Department of Labour. It is easy to imagine that when a poor unemployed writes to this official, he needs a large enough envelope to write all that.

I remember something else—and this is a very important point that I had the opportunity of raising in this house and which I emphasize once again today—because I have before me an article written by myself in 1962 and which was published in the newspaper *La Souche*. It concerns a problem which is still with us, the possibility for Canadian citizens working in American territory to take advantage of a given social legislation. This question has been with us for a long time. I know that some officials of the Canadian government endeavoured to have contacts, or at least, we were assured more than once that contacts had been established. However, I am surprised that no solution can be found, and the conclusion I had come to in 1962, when I was at the head of local 2817, as chairman of that labour organization, and I wrote the following which is still true today and appropriate to the present circumstances. I quote:

• (4:30 p.m.)

Much satisfaction seems to be felt when neighbourliness is cited as an example; this is quite well, as long as the comprehensive outlook of the authorities does not make them forget the thousands of residents near the Canadian and American borders who cannot take advantage of a welfare legislation due to lack of understanding.

It must be noted that an agreement is in force since March 6 and 12, 1952, between Canada and all the southern neighbouring states, except Iowa, Maine, New Hampshire and Alabama. The failure of those states to be party to those agreements is especially disturbing, since a great number of Canadian workers, especially in Maine and New Hampshire are thus deprived of the substantial benefits of a welfare legislation, which should normally apply to all workers.

If the Canadian lumbermen have no further interest in seasonal jobs which they can obtain in the United States, they will remain in Canada and increase the number of those out of jobs.

Of course, a serious effort is necessary in this respect.

Now, I shall return for a while to the question of implementation methods. I have in hand a copy of a letter dating back to 1962 which will give you further information in this regard. At that time, I was greatly concerned about this—just as I am now—because we have thousands of working people who live in the parishes along the border of Maine and New Hampshire, and so I had written to a member of this house in this regard. I shall quote from his reply:

I believe the only development is the report which has been prepared following a survey conducted among Canadian employees and Canadian lumbermen employers by the Maine authorities. The main feature of the report is the disclosure that the insurance fund of Maine, which is now $26,698,000 will be totally used up within a few years, as benefits paid to Canadian lumbermen are estimated at $1,567,932.

Thus within 12 to 15 years, the unemployment insurance fund of Maine is expected to run dry. That is the problem. They are afraid to touch to the fund for fear it will run dry.

The fund presents a problem; it is always so when money and dollars are involved. The hon. member concluded:

I do not know to what conclusion we must come, and whether it will eventually be possible to reach an agreement, as happened with the other American states.

If the fund were not involved, I think this would work; even if this problem exists, it would probably be possible for the Unemployment Insurance Commission and the Department of Labour to try and find a formula which would enable the employee, at any time after he has completed his period of employment, to indicate how many weeks he has worked. He is ready to pay his contributions and it should be possible, I think, to

come to an agreement which would spare him a series of inconveniences since, not being eligible for the benefits, he must count only on unemployment assistance or social assistance. Therefore, we should try to find a satisfactory formula and solve this problem.

Right this day, at noon, I had the opportunity to write a letter for one of my constituents who was complaining that he could not draw unemployment insurance benefits. He had been declared unavailable, because last fall, towards the end of November, he had suffered an accident. His doctor gave him a certificate stating that he is able to go back to work. Now, the unemployment insurance officer, who has not examined the worker—it is exactly what I am saying in this notice of appeal to the board of referees—decided that the worker is unavailable for work, unable to do the work that should be done at this time of the year. The strange thing about it all is that, at this period of the year, the officers know very well that this seasonal worker, a lumberman, has no work available because all operations in the bush are finished everywhere for the season. Here is proof that the officers are overzealous in trying to deprive a lumberman of unemployment insurance benefits by offering him a possible or probable job in the bush.

I remember that four or five years ago, payment of benefits had been suspended for close to 300 workers in the Kamouraska riding and a good many in Témiscouata, in fact up to Rimouski. It almost created a scandal. Why? Because a high official of the commission had come at one time to the Rivière-du-Loup office and had felt that there were too many unemployed in the district.

It is not the people's fault that they live in an economically underprivileged area. It is not necessary for an official to leave the Montreal office and try to penalize all those who are having unemployment trouble. Of course, that situation has been settled; but I have seen government employees working nights to find the names and addresses of unemployed workers and sending them employment offers. Then they had to work nights too in order to pay those people their benefits, for the official's decision had obviously fallen through. We met a high official of the Department of Labour, who was the chief commissioner of the Unemployment Insurance Commission. He understood the problem and the matter was settled advantageously. But why let these workers suffer a month because they have problems due to lack of income, because they were unemployed?

Mr. Speaker, I now conclude my remarks because I did not want to speak too long on the subject since I am anxious, like most hon. members, to see this bill passed. However, I cannot resume my seat without stressing a particular point which quite impressed me.

In passing, I wish to mention at once that even if I come from the Kamouraska area, this does not mean necessarily that the examples which I give bear the signature of the officials in the offices of my area. Not at all. There are officials in the Montreal offices and in many areas. Having been in contact with workers right across the province for ten years, from 1952 to 1962, I happen to receive correspondence from almost everywhere.

I shall not mention the place where this letter came from, but the fact remains that it was written by an official on a letterhead of the commission following a decision of the board of referees. The official in question had rendered a decision by which the unemployed who was awaiting benefits was disqualified. However, the unemployed, faced with his problems, appealed to the board of referees where his situation was discussed. In its conclusion, the board says this.

It is absolutely disgusting. One would never think that people could say such things, but to write them, on top of that!

During their discussions, the members of the board of referees recognize that the reason why this man stopped working may be a valid one from the human point of view, but not in the eyes of the law, since it is considered to be a personal reason. That is why they have no alternative but to uphold the decision of the unemployment insurance office and reject the appeal.

I would suggest to the hon. Minister of Labour (Mr. Nicholson) that he should be careful in choosing officials who have to make decisions. As I said at the beginning of my remarks, there are very good, highly competent and understanding officials—I know some. On the other hand, I know others who are not qualified to do the work they do and who come to conclusions that are very unfavourable to an unemployed man who has to contend with poverty. Those are the ones that should be watched.

• (4:40 p.m.)

[*English*]

Mr. Melvin McQuaid (Kings): Mr. Speaker, let me begin by saying that I believe this amending legislation will undoubtedly please the majority of Canadian workers. So far as I know this is the first time in nine years that an amendment has been introduced to the Unemployment Insurance Act resulting in increased benefits to employees. This, of course, is only as it should be because of the increase in the cost of living during the last number of years.

However, having said that I feel that at this time I must voice some severe criticism with respect to the operations of some of our unemployment insurance offices. I am highly critical of any program designed to close regional offices throughout this country which up to this time have performed very valuable services for those people who have been obliged to apply for unemployment insurance benefits. I have had examples brought to my attention of people who were unemployed, in need of benefits, entitled to receive benefits and who applied on the sixteenth of December but had not received one cheque by the seventh of February. I suggest this is nothing short of criminal because these people needed the money.

Up until the time the change was introduced by the commission, people were getting their money on time. However, by reason of the fact that the commission decided to close regional offices these delays have been taking place. The minister has attempted, in reply to the hon. member for Simcoe East (Mr. Rynard), to avoid responsibility for the closing of these offices. To what point is our parliamentary system drifting, Mr. Speaker? Surely the minister cannot come in here and disclaim responsibility to parliament for the closing of these offices. He is the man who is in charge of the Unemployment Insurance Commission.

Mr. Nicholson: Mr. Speaker, rising on a question of privilege, may I say that I am sure the hon. member would not want a statement of that kind to go unchallenged on the record. Has he read the act? The minister has no responsibility for the operations of the commission. I make that statement unequivocally. Parliament has allocated the responsibility to the commission. I am sure the hon. member would not want a statement such as he has made to go without correction, if such is not the case.

Mr. McQuaid: I believe it goes without saying that it is the minister who answers to parliament for the operation of the Unemployment Insurance Commission. I ask the minister through you, Mr. Speaker, why, when a complaint was filed with him with regard to the closing of one of these regional offices, did he answer that complaint not as Minister of Labour but simply as "John R. Nicholson"? The letter was written on the letterhead of the Unemployment Insurance Commission. He did not reply to this complaint as Minister of Labour; he replied to it on the letterhead of the Unemployment Insurance Commission and signed not as Minister of Labour but as John R. Nicholson.

I have here a letter written on May 31, 1967, by the minister to the president of the Summerside board of trade. The board complained, and I suggest rightly so, about the closing of the regional unemployment insurance office in Summerside. We now only have one regional office for the whole province of Prince Edward Island. Does the minister suggest that those who are required to draw unemployment insurance benefits can be effectively served by one office in a province? Does he realize that people who have to file unemployment insurance claims or have business to conduct with the Unemployment Insurance Commission, and who live in the western end of Prince Edward Island, have to travel 150 miles to get to the nearest regional office? Does this make for efficiency? How can the minister possibly justify the closing of that office?

This matter was raised with him by the board of trade and he answered, as I say, on the letterhead of the Unemployment Insurance Commission on May 31, 1967. The following is the explanation the minister gave, and I am quoting directly from the letter:

> The commission is in the process of consolidating and centralizing its operations and has already discontinued its activities in many areas and transferred its operations to other localities.

This is true, Mr. Speaker, but that is not an explanation for the closing of an office when the nearest office is then 150 miles away. The letter continues:

> The commission is no longer responsible for the administration of the National Employment Service and the need for local offices is considerably reduced as mail service can be used extensively to carry out its operations.

I suggest that mail service cannot be used effectively by all those people who want to

communicate with the Unemployment Insurance Commission and I believe the commission recognized that fact when, in its 1966 reports, it had this to say:

> The commission continued arrangements whereby agents are appointed to complete all the necessary documents in connection with applications for unemployment insurance benefits.

The commission believes that agents should be appointed to assist the people in making application for unemployment insurance benefits. Are these people expected to travel 150 miles to get this help in making application? The report continues:

> In this way, applicants who cannot conveniently visit a commission office because of their location are able to make their application with a minimum of delay. This system substantially reduces the amount of correspondence with postal applicants.

According to this report the commission apparently wanted to reduce the amount of correspondence with postal applicants. However, the minister said on May 31, in reply to a complaint from the Summerside board of trade, that mail service could now be used extensively to carry out these operations. The letter continues:

• (4:50 p.m.)

> In implementing its program the commission has improved its method of operation and has developed simplified procedures. The necessity for personal contact and inquiries is thereby reduced and insured persons and employers are not adversely affected as a result of the commission's policy.

This is not in accordance with the facts, Mr. Speaker. People do require assistance in filling out these forms, and I suggest that it is the responsibility of the commission and of the government to provide it. Although this policy may save a little money, nevertheless the Unemployment Insurance Commission is an agency of government. Its function is not only to save money. One of its most important functions—and this applies to every agency of government—is to provide the people of this country with a service for which they are paying in the form of taxation. I suggest that requiring applicants to travel 150 miles in order to visit their nearest regional Unemployment Insurance Commission office is not providing service. The letter continues:

> The commission's objective has always been to provide a prompt and efficient service to those applying for benefit and it was with this aim, as well as with a view to economy, that certain changes were introduced—

I suggest, Mr. Speaker, that this is no excuse for not providing service. This is not improving efficiency; it is cutting down efficiency. It certainly does not give the people of Canada, the taxpayers of Canada, those services to which they are properly entitled under a properly administered unemployment insurance scheme.

The hon. member for Skeena (Mr. Howard) cited examples of interpretations of the section of the act that requires a person to prove his or her availability for work. He brought to the notice of the house instances of investigators employed by the Unemployment Insurance Commission actually putting words into the mouths of those who apply for unemployment insurance benefits, words that he felt and which I also feel they did not intend to use. I have also had examples of this practice that I should like to bring to the attention of the minister.

I have in my files a complaint from a woman who was interviewed by an investigator from the commission. Several months ago she had applied for unemployment insurance benefits and in her application had stated she was not available for work. That was correct; at that time she was not available for work. However, later she went to work and eventually was laid off as a result of a shortage of work. Once more she applied for unemployment benefits. The investigator came to her house but instead of sitting down and asking her to fill out the form he simply said to her: "I suppose there are no changes in the statement you made when you last applied for unemployment benefits?" Not fully realizing the significance of the question she replied that there were not. The investigator entered that answer on her form, packed his bag, left the house, and as a result she was advised a short time later that she was disqualified from receiving benefits because she was not available for work.

It is all very well to say that this woman had the right of appeal, but I suggest there are a lot of people in Canada today applying for unemployment insurance benefits who do not fully understand their rights in this connection. Not having anybody to advise them and being unable conveniently to travel 150 or 160 miles to the nearest regional office, they suffer the loss of their unemployment insurance benefits. I suggest that this is not as it should be.

Apparently the Unemployment Insurance Commission take great pride, and I think with some justification, in the fact that they are saving the taxpayer money as a result of the work of their investigators who travel all over the country. According to the 1966

report, in February, 1966 15 new enforcement officer positions were added to the enforcement establishment, making a total of 149. It may also be advisable at this time, instead of appointing new enforcement officers, for the commission to appoint people who can help honest citizens fill out their forms properly so that they do not disqualify themselves from receiving benefits.

These are some of the matters of which I am highly critical, Mr. Speaker. I think it is now time for the minister or for somebody else, if the minister is not responsible, to bring to the attention of the commission the complaints we have been making while these amendments to the act are being discussed. Certainly it is time that somebody took the matter in hand and did something to protect the interests of many people who unfortunately are not in a position to protect themselves.

Although I am in full sympathy with the amendments to the act, there are aspects involving the present administration of unemployment insurance that very definitely require improving. I point out to the minister, and I hope he brings this to the attention of the commission, that some of the employees of the regional offices of the Unemployment Insurance Commission are not courteous to the public. I have known cases where people went to these offices and were simply given the runaround. They were unable to get a satisfactory answer to their complaints and they left the offices no wiser than when they went. This should not be allowed to happen. These employees are servants of the public. Many of them do their very best but there are some who do not, and I am highly critical of them. These are some of the matters to which I suggest the minister should give some attention and do his utmost to try to correct.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to make a few brief comments on these amendments. I am sure there are a good many working people throughout Canada who are very pleased that we are now discussing this important legislation.

We endorse the principle of this bill and are very pleased to see these amendments. However, I do want to bring to the attention of the minister that the divorcement of manpower and Unemployment Insurance Commission offices has not been very well received in my constituency, and I promised to bring this fact to the attention of the minister at the first opportunity. As I think he is aware, various organizations representing several sections of the community have protested the separation of these two departments. I never quite understood the reason for it because the work of these departments is so interrelated and deals with problems that are common to both departments.

The present situation causes a great deal of inconvenience. In my constituency some communities are 150 miles or more from the nearest unemployment insurance office. I am not going to give examples. I thought the hon. member for Timiskaming (Mr. Peters) and the hon. member for Skeena (Mr. Howard) dealt very well with that aspect so there is no need for me to repeat what they said in this connection. However, there are people in my constituency living up to 175 miles away from the nearest unemployment insurance office or manpower office and very often they require advice. For example, in some cases they are not quite certain how to fill out application forms, what the expression "availability for employment" means, and things of that nature. I think it is particularly necessary that these people have an opportunity to complete their applications correctly or to file their appeals properly. Under present conditions it is physically impossible for them to do so.

• (5:00 p.m.)

In the meantime, would it not be possible for the Unemployment Insurance Commission to provide officers who could visit some of these communities once a week and assist these people. For example, an officer could visit Nakusp which is approximately 130 miles away from the unemployment insurance office in Castlegar. An officer might also go to Kaslo which is about the same distance away, and periodically one might go to the North Lardeau country where many are employed but where the population is less dense. These officers could advise people how to complete application forms and enter appeals. I should like the minister to reply to this suggestion when he speaks at the conclusion of the debate on second reading.

I think there is a great opportunity for an improvement in public relations on the part of the commission. I suggest it would be a good idea for some of its officials to address trade unions periodically on the subject of applying for unemployment insurance and the necessary procedures and forms. They could inform the unions about the law generally and about applications in detail. They could do the same with chambers of commerce,

which largely represent employers' organizations, so that chambers of commerce would be well informed. They could also speak to various women's organizations, because women are just as involved as their husbands when it comes to the proper operation of this act.

That is all I wish to say at this time. I believe that following my suggestions would remedy many complaints in the meantime.

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, I want to bring a couple of matters to the minister's attention. I acknowledge how farsighted the minister has been in bringing these amendments forward. I agree with the principle of increasing payments and coverage.

Until now it has been possible for Indian and Eskimo employees in our labour force not to be eligible for unemployment insurance benefits. Two matters relating to the administration of the Unemployment Insurance Act as it affects northern Canada should be brought before the minister. One of them has to do with the regulations. In so many words they say that any person employed north of the sixtieth parallel of latitude whose livelihood is not ordinarily derived from insurable employment shall not necessarily be eligible for unemployment insurance benefits. This provision was first brought in around 1959, the intention being to encourage private concerns to employ Indians and Eskimos. But the provision has fulfilled its purpose and its effect now is to bring about, if I may term it this way, discrimination in reverse.

Construction companies which move to northern Canada for summer operations bring part of their labour force with them from the cities in the south but they will also hire some semi-skilled people locally. Most of these are hunters or trappers who because of their construction skills are hired by the construction companies. Sometimes they have jobs for six, eight, ten or 12 months at any one time. The point is that though they may be eligible for benefits their employers are taking advantage of that part of the regulations to which I referred. I ask the minister to take a hard look at those regulations to see if their purpose has not been fulfilled. I think we should give our Indian and Eskimo residents full benefits under this act just as if they lived south of the sixtieth parallel.

Another point deserves the minister's attention. Some hon. members speak of unemployment insurance offices being 150 miles from certain towns. The unemployment insurance office closest to the sixtieth parallel is at Edmonton, about 450 miles away. If you go as far north as Inuvik you are talking about 1,300 or 1,400 miles. There may be an argument that not enough people live there to justify an office but I believe other factors ought to be considered. If we are to encourage private development in northern Canada the services of government must be available to private entrepreneurs as they would be in southern Canada. Inuvik is a long way from Edmonton. Granted, the mail service is reasonable but there is the question of dialogue to consider. It would be better for our people if an officer of the commission could be stationed in the capital of the Northwest Territories, Yellowknife. He would be in a good position to deal with the particular and peculiar problems which arise when private entrepreneurs operate in the north.

Another reason for having an officer there is that situations similar to the one in 1964 might arise again. One of our major mines in Yellowknife had a fire in the head frame which resulted in the mine and the mill having to be closed down for three or four months. I tried to get the Unemployment Insurance Commission to send an officer to Yellowknife to service applications as soon as possible since the situation affected not only individual workers but the entire community. The post office had application forms but naturally they disappeared quickly. With the help of the mine management and others in the community applications were forwarded to Edmonton in a hurry. Had it not been for the initiative of the local people, benefits might have been delayed more than they were.

The commission provides reasonable service in the northern part of Canada but it would help us to have an unemployment insurance office established there. People in isolated communities understand that there are problems but at least they would get to know what their benefits are and for how long they are entitled to them. I am thinking particularly of a man who worked for the federal government for a number of years as a school janitor. For some reason he left his job; he may have quit or had to leave. I do not know. But no one got around to telling him that because he had paid into the unemployment insurance fund for three or four years, he was entitled to benefits. That is the point I am trying to drive home.

• (5:10 p.m.)

In conclusion, I hope the minister will examine the problem of the exemption in respect of Indians and Eskimos living north of the sixtieth parallel. It brings about a form of discrimination which I am sure the government never intended. An examination should be made of the act to determine how it can be made of maximum benefit to those living north of the sixtieth parallel, both by changing this regulation and by opening an office in the Northwest Territories.

Mr. Eric Stefanson (Selkirk): Mr. Speaker, I intend to be brief. I believe there is need for the amendment before us having regard to the inflationary situation and the high cost of living at the present time.

The hon. member for Acadia (Mr. Horner) said yesterday that this legislation was originally based on the insurance principle but that principle has gradually disappeared. He suggested everyone would be happy if we could return to the insurance principle, and I think he was right. The hon. member for Simcoe East (Mr. Rynard) and the hon. member for Kings (Mr. McQuaid) referred specifically to the closure of offices. I do not know whether the closure of offices has led to greater efficiency but it has certainly caused inconvenience and expense to the public. In my own riding the only office in the constituency, that at Selkirk, has been closed, greatly to the inconvenience of people in that area.

I wish to refer now to the way in which workers in country areas are disqualified from benefit and, in doing so, to support what has been said in this connection by the hon. member for Skeena (Mr. Howard) the hon. member for Kings and others. Disqualification is brought about in this way: an official calls on applicants and records them as answering one of the questions by saying they prefer to work in their own immediate area. If the area is designated as a restricted employment area, as is usually the case, benefits are withheld.

I am disturbed by this type of administration. If people can be disqualified on this basis I can only conclude that the act discriminates against workers in rural areas. Indeed, it seems to me that the only way in which people can be sure of their eligibility for benefit is by living in the large urban centres. Does the government want all our people to live in the cities? If not, I suggest to the minister that he and his senior officials should look carefully at the way in which workers are being disqualified in the rural parts of Canada. A number of individual cases have come to my notice. I do not intend to call attention to them on this occasion but I shall refer them to the minister personally later. I believe it is a serious mistake to disqualify people in rural areas on the grounds that they live in a restricted employment area. I submit the act ought to be administered in a different manner if people in all parts of Canada are to be treated fairly and justly.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, the minister has been very patient and I shall be brief. Some of the points I wished to raise with regard to the need for local unemployment insurance offices have already been touched on by other speakers.

I am sure the minister has received letters which indicate there is a misunderstanding of the regulations as they apply to farm labour. At any rate, I have received such letters. The inclusion of farm workers under the act took effect on April 1, 1967. It was stated by the Department of Labour that all known farmers would be contacted by mail shortly after that date. Most farmers have by now been contacted by mail, I imagine. I emphasize the phrase "by mail" because I want to point out that farmers operate individually and in a great variety of ways and that the forwarding of information by mail is not always satisfactory. There is a desire for local offices where direct information could be obtained immediately rather than through correspondence.

The minister has told us that the decision to close some 100 local offices was made by the Unemployment Insurance Commission. I am asking him to bring the arguments he has heard today to the attention of the commission.

I am not sure how much experience or contact the minister has had with farming operations. He understands, of course, that in this modern age there is a demand for a variety of skills and training, for tractor and combine operators, livestock handlers and feeders, poultry and turkey raisers. Each of these lines of farm endeavour calls for separate training. I mention this in relation to a case which will emphasize two points I wish to bring out.

The situation I wish to describe concerns an experienced tractor and combine operator who worked for a farmer from April 1 to November 1, 1967. Naturally, there was very

little tractor work late in the fall and the tractor operator found himself out of a job. The farmer and his employer had kept the insurance book up to date. According to the tractor operator, when he applied for unemployment insurance later an official told him that livestock feeders were needed and he should take one of these jobs. But this man was an experienced tractor operator and he had no experience in raising livestock.

It also appeared there had been a mix-up involving the location of the insurance book. The book had been sent to a central office probably to enable some sort of computer operation to be carried out. The tractor man had applied for his benefits in December. After some correspondence with the Unemployment Insurance Commission I received a letter which stated in the last paragraph:

> It is regrettable that Mr. Kessler's claim was delayed pending receipt of his insurance book. This difficulty has now been resolved and payment of benefit will be made to him without delay.

This strengthens the argument for direct contact through local offices. It also makes clear that an experienced tractor operator who contributes the necessary stamps during the summer months should be liable for benefit in the winter months if some comparable form of mechanical work is not available.

In conclusion I should like to draw the minister's attention to the brief which was presented to the government two or three days ago, I believe, by the Canadian Federation of Agriculture. The minister may have been present on that occasion to hear it; I understand he was. I shall not repeat all the recommendations which were made. I merely point out that in regard to unemployment insurance we find this statement:

> Resolved that this program as it applies to agriculture be the subject of future study and recommendation by the Canadian Federation of Agriculture.

• (5:20 p.m.)

I conclude by saying that farmers have problems with unemployment insurance that require further study, and I hope the minister will see to it that the officials of the Canadian Federation of Agriculture will be heard when the time arrives.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I will speak briefly also, but I do not want to miss this opportunity to say a few words. First of all, I want to say that I am in favour of the principle of the bill.

[Mr. Pascoe.]

As things are at present, with the high cost of living and the threat of inflation the unemployed surely need more benefits than they did some time ago.

I should like to add, on behalf of the labour force of Saint-Hyacinthe, how much we regret the decision to close the unemployment insurance office in our city.

At the time the decision was taken, the authorities of the municipality of Saint-Hyacinthe, the leaders of the CNTU local in Saint-Hyacinthe and myself made representations to the minister (Mr. Nicholson). We butted our heads against a stone wall, since no attention was paid to our representations which had one purpose only, the welfare of the labour class of Saint-Hyacinthe.

The minister and his colleague, the Minister of Manpower and Immigration (Mr. Marchand), also know that Saint-Hyacinthe is an industrial centre and that an unemployment insurance office had been established there during the first years following the coming into force of that legislation. The unemployed are thus subjected to endless inconvenience and vexation. They are compelled to travel some distance to draw their benefits or experience useless delays.

I should also like to support the representations which have been made here about the fact that some officials often give the impression that they are taking every possible means to deprive the unemployed of the benefits due them. I do not believe that it is on account of a lack of necessary information or because they are over-zealous. It must surely be because in many cases the officials have not the necessary information and as a result, the unemployed are deprived of unemployment insurance benefits.

I believe the hon. minister should endeavour to make sure that such conditions will not recur because they are positively detrimental to the unemployed workers. Being unemployed is distressing enough for a person that he should not be deprived of benefits that could help him provide for himself and his family.

By bringing such facts to the attention of the hon. minister he may be encouraged to give special consideration to the problem and to issue proper directives to his officers, so that they may give satisfaction to the workers.

I believe, like many others, that the purpose of the Unemployment Insurance Act must be to serve the public. We must not give

the impression that this law tends to disqualify those who want to avail themselves of its provisions, but that it must really be of service to the workers who are temporarily unemployed.

Such are, Mr. Speaker, the few observations I wanted to make, for the guidance of the hon. minister.

[*English*]

The Acting Speaker (Mr. Tardif): Order. If the minister speaks now he will close the debate.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, first I would like to thank all hon. members, who have contributed to this debate. Some very helpful and constructive suggestions have been made for improvement in the administration of the unemployment insurance program generally and I am happy to inform all hon. members through you, Mr. Speaker, if they do not already know it, that the chief commissioner of the unemployment commission and other officials have been in the gallery throughout the whole of the debate and they have had the benefit of hearing all the suggestions made by hon. members.

I might say that I am gratified, although not surprised, that all parties and groups in the house have signified approval in principle of the amendments contained in the bill. However, a great many members have expressed regret that the bill does not go farther and include more of the recommendations that were contained in the report of the Gill committee which completed its work some five years ago. In reply, I would point out that the recommendations of the Gill committee were very comprehensive, but hon. members will recall that they were made at a time of serious unemployment in Canada when the funds of the Unemployment Insurance Commission were exhausted. Those funds had to be replenished through special votes by the house on two different occasions. I am glad to say that conditions have changed since then, and while some of the recommendations of the Gill committee merit implementation, others require at least modification.

As has been stated on previous occasions in this house, the Gill committee report was referred some time ago to an interdepartmental committee. The government has had an interim report from that committee and the committee has been asked to study it further. I would like to inform hon. members that a comprehensive revision of this act, to include 50 per cent or maybe more of the recommendations made by the Gill committee, and the modified recommendations that may come out of the study being made by the interdepartmental committee, would involve months of study in this house. It would not be a simple piece of legislation. I am convinced it would require a minimum of three months study by this house, and probably much longer.

When the government was faced with this situation, realizing that there had been no change made to the act for a period of some nine years and that the scale of benefits is not realistic in view of the changes that have taken place in the economy over the last four or five years, it was our opinion that there could be no further delay and that at the least we would have to introduce without delay the amendments covered in this bill. I particularly felt a responsibility because on more than one occasion during the past 12 months I had assured hon. members that in this session of parliament I would introduce amendments along the lines covered in this bill now before us. That accounts for the fact that we have a relatively short, simple bill to take care of immediate requirements, with the assurance on the part of the government that a more detailed, a more comprehensive bill, an overhaul bill, if you want to so describe it, will be introduced at the earliest possible date.

Hon. members, who have expressed support in principle for the bill, have also raised some very interesting questions which I think call for brief comment on my part at this stage. For instance, the hon. member for Halifax (Mr. McCleave) referred to some calculations based on a table contained in clause 4 of the bill. In this connection I wish to assure the hon. member and others who are interested that the minor variances in the ratio, which the hon. member for Halifax noted, between benefits for people with dependants and benefits for people without dependants are due entirely to the fact that the figures were rounded out mathematically. In effect the amount is the same but there has been a mathematical rounding out. Column 2, for instance, progresses by increments of $3 and $4, while column 4 progresses by increments of $4 and $5.

• (5:30 p.m.)

I should like to assure hon. members that a study of the bill will show that there was no

discrimination and no intention to discriminate against persons with dependants. A study of the bill will show that the people in the lowest income tax bracket benefit materially. The proportion of the benefit for persons with dependants has been maintained at 50 per cent or more of the new table which will apply when amendments to the act come into effect. This is in keeping with accepted unemployment insurance practice in many countries of the world including our neighbour to the south. Because it is included by them is no reason that we should accept it, but at least it is an indication that we are moving in ways which other countries consider to be fair and reasonable.

This table plus the new table of allowable earnings which can be earned while on claim means that the person with a dependant can earn up to 75 per cent of his gross wages up to the maximum laid down in the act. I consider this to be a reasonable protection unless there is a desire to encourage a man to stay away from work and draw unemployment insurance benefits.

Mr. Speaker, the hon. member for Comox-Alberni (Mr. Barnett) requested certain information which I am pleased to furnish. He asked for statistics concerning the status of the fund at the present time. I am happy to report that as of the end of the last fiscal year, March 31, 1967, the unemployment insurance fund had a credit of about $258 million. This is quite different from the situation we had a few years ago when it was necessary to replenish the fund in the period 1962 and 1963, the first two years that I was in this house. We can only estimate the condition of the fund at the end of this present fiscal year, since unemployment usually runs higher during the months of November through March. Five of these months are behind us, however, and present indications are that the fund will be just in excess of $300 million at the end of this fiscal year.

The hon. member for Comox-Alberni, the hon. member for Timiskaming (Mr. Peters), the hon. member for Simcoe East (Mr. Rynard), the hon. member for Kings (Mr. McQuaid), the hon. member for Kootenay West (Mr. Herridge) and also one of the last speakers, the hon. member for Moose Jaw-Lake Centre (Mr. Pascoe), all referred to the closing of some unemployment insurance offices. I believe that there has been some misunderstanding about this. Perhaps a little information on this subject might be helpful, not so much for members but for the information of the general public.

[Mr. Nicholson.]

When the Unemployment Insurance Commission was first established the responsibility for the administration of the national employment service was delegated to the commission. The commission continued to perform that function until after the report of the Glassco royal commission was published. The Glassco commission studied the workings of the Unemployment Insurance Commission and felt that there was a conflict of interest between the national employment service and the Unemployment Insurance Commission. In its report the Glassco commission recommended that these two services be separated.

I was a member of an ad hoc cabinet committee which studied the recommendations of the Glassco commission and, if my memory serves me right, we recommended that this and several other recommendations contained in the Glassco commission report be implemented. As a result, at the beginning of the fiscal year, April 1, 1965, the two functions were separated. This was not done at the time the Department of Manpower and Immigration came into existence in December, 1965. It had been done some nine months earlier. As a result much of the work and the necessity for much of the staff in the unemployment insurance offices disappeared when this function was turned over to another branch of the government.

At the same time the commission, which is charged with the responsibility of administering this act efficiently and economically in the national interest, realized that a great advantage would accrue from the use of computers and other modern systems. The two were synchronized. There has been a closing of certain offices but there are manpower offices in most of these areas and there are officials of government who can furnish information to people who make application under the Unemployment Insurance Act and its regulations and they are happy to do so.

Mr. Pugh: Mr. Speaker, the minister has said that there are officials who can furnish information. Of course they can. They have been trained to do this. I should like to ask whether it is part of their duty to supply this information.

Mr. Nicholson: In some cases, yes. I might say, however, that I asked for a memorandum from the commission on this point. The chief commissioner has assured me that where offices of the Unemployment Insurance Commission have been closed they have made arrangements, when such action is required,

with representatives of other agencies of the government, in some cases employees of the manpower centres, to supply such information. Arrangements also are being made for a free telephone service for people who wish to call the nearest U.I.C. office.

This afternoon the hon. member for Kings spoke of the hardships which exist in the province of Prince Edward Island. He mentioned that there is only one office on the island. I am sorry the hon. member is no longer present in the house because I would like to point out to him that in Prince Edward Island, for the type of service to which the hon. member for Okanagan Boundary (Mr. Pugh) referred, eight agencies have been established. These agencies are willing and anxious to continue this service and if individual members of the house will either write to me or to the commission itself information can be obtained as to just where these or similar agencies are located.

Mr. Pugh: This is for the dissemination of information. I can understand that. I know that the personnel in these offices have been more than helpful to those who request information, but I am wondering whether this applies also to the processing of claims.

Mr. Nicholson: It is any type of information which might be required by an ordinary Canadian citizen who needs help or advice in filling in unemployment insurance forms. I might say that it is impossible and unnecessary to have offices in every community in Canada. The hon. member for the Northwest Territories (Mr. Orange) showed how difficult or impossible it is in areas as large as those found in the two territories and in some of the provinces of Canada. From reports that I receive weekly, and some times more often than that, from the commission and my department, there is an indication that, while many unemployment insurance offices have been closed as a result of the use of computers and other new services, this new system is working more efficiently than before.

• (5:40 p.m.)

Mr. Nesbitt: Would the minister permit a question? Will he consider taking a second look at the reports he receives from his officials regarding what is taking place in southwestern Ontario which is a very heavily industrialized area? From personal knowledge I can assure the minister that in the last three months I have received at least 15 times the number of complaints I received during the previous 15 years I have been a member, mainly because applicants do not know how to fill out forms. They cannot obtain information because they cannot direct their questions to individuals in the offices.

Mr. Nicholson: I lived for some time, for several years in fact, in southwestern Ontario, and I can assure the hon. member that his request will receive serious consideration. There are officials of the commission here and they will follow up the hon. member's request. The commission has given a lot of thought to consolidation of offices and they assure me that where they have found it advisable to close an office they have given individual attention to all the special circumstances.

The hon. member for Simcoe East, in his persistent and persuasive way, has tried to convince me that I should bring my persuasive powers to bear on the commission. I have associated myself with his representation and also have opened the door for him. Let me remind all members, however, that parliament has in its wisdom seen fit by sections 4 and 22 to delegate the administration of this act to a commission comprised of one member representing the business and commercial community, one member representing labour and unions, and one member nominated by the government, namely the chief commissioner. The other two members can outvote the chief commissioner if they so decide. As a result of the more than two years of close association that I have had with this commission I know that I can say it has done an honest and conscientious job for the people of Canada and they should be commended for their efforts. What the commission is suggesting at this time is something that they consider to be advisable or desirable, in the interests not only of efficiency but of economy.

Yesterday I intimated that the question asked by the hon. member for Gaspé (Mr. Keays) had been answered to his satisfaction. Although he is not in the house I should like to assure him that if the situation has not been rectified in the way I understand it has the door is open for him to make further representations. I think, however, that he has been satisfied.

The hon. member for Queens-Lunenburg (Mr. Crouse) wanted reassurance that it is not the intention of the government to convert the unemployment insurance scheme into a general welfare scheme. I have no hesitation in giving him that assurance.

Mr. Crouse: Thank you.

Mr. Nicholson: Some reference has been made to the fact that there is an intention to widen the scope of unemployment insurance coverage so as to bring in other categories. This arose from a speech that I made in Kingston last summer to the officials of the Unemployment Insurance Commission and to others who are interested in the administration of social security programs in this country. I was referring to the trend toward universality which we have seen in several programs, including the Canada Pension Plan, medicare and others. I assure the house that there was no mention made of school teachers or doctors. Where the news media picked up the suggestion that there was to be such an extension I do not know, but it certainly was not from anything I said on that occasion.

The hon. member for Skeena referred to a case about which, frankly, I am disturbed. This took place some time before I assumed the responsibility as Minister of Labour, but I shall be glad to investigate the circumstances mentioned. It is certainly our hope that situations of that kind may be avoided in the future.

The hon. member for Kings suggested that the minister is responsible for the administration of this act as evidenced by the fact that he signed a letter "John R. Nicholson". The stationery used by the minister is stationery of the Unemployment Insurance Commission, which carries the words "Office of the minister" or some similar words. Under the act the minister is designated as the Minister of Labour, but he has limited responsibility under the act. As I am sure all members know, the responsibilities of a minister can be transferred from time to time under the authority of the Transfer of Duties Act. The responsible minister does not necessarily have to be the Minister of Labour. In this particular case I signed the letter as the minister responsible, and I still occupy that responsible position and I will do so presumably as long as I remain the labour minister. However, administration still rests with the commission, and I would not want it to be otherwise. If members feel that changes to the act and regulations are necessary I can assure them that I would be glad to discuss them with interested members and then with the commission and in turn with my colleagues in the cabinet.

The hon. member for the Northwest Territories pointed out the need for change in the regulations governing employees north of the sixtieth parallel. That has been brought to the attention of the commission as a result of their attendance here today. I assure the hon. member that this suggestion will be followed up.

The hon. member for Kootenay West made a very good point in connection with the 100 or more offices that have been closed. This public relations question is something that has troubled me. I agree that there is need for improvement in public relations operations. This has been discussed by me with the chief commissioner who relinquished his office a few months ago. It has also been followed up with the new chief commissioner. Even though they have reduced their over-all staff they are building their public relations staff to handle this very important work. There is a lot of merit in having officials of the Unemployment Insurance Commission meet with representatives of municipalities, with service clubs in some of the smaller communities in order to give them this kind of information. I have the assurance of the commission that its members would be very pleased to do so.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Tardif in the chair.

On clause 1—

Mr. Howard: Mr. Chairman, before we proceed may I say I am sure we are all interested in what the minister said in closing the debate on second reading. I am particularly interested in his statement to the effect that representations of hon. members have been helpful regarding the administration of the act. I was also interested in the minister's desire to discuss any proposed changes in the act suggested by hon. members with his cabinet colleagues. This is like listening to an old record that is pretty nearly worn out.

• (5:50 p.m.)

Mr. Nicholson: Mr. Chairman, I am sure the hon. member will admit that we have made at least a little progress here, and this is merely one of the areas in which some progress has been made.

Mr. Howard: There is no doubt that the government has made little progress here and in other fields as well. I agree immediately with the minister about that. But in some fields the government has, in fact, made no progress whatever except in a backward

direction. As gracious and kind as the minister is in saying that he appreciates the helpful suggestions that have been made and that the members of the commission are in the gallery listening intently and so on, the fact is that hon. members who have participated in debates dealing with the Unemployment Insurance Act and such matters have been making these suggestions year after year after interminable year and there is still no change. It is very easy for the minister to say he would be glad to do this, that and the other thing and that he appreciates the helpful suggestions which have been made, but I am sure hon. members do not enjoy the opportunity of making these suggestions in a perennial way. We would like to have some of our suggestions, if they are helpful—and we are pleased the minister has said some of them are—transformed into legislative or regulatory form or into policy declarations within the department or the commission structure.

I cited the case of the woman who had been induced by the insurance officer to answer questions in a particular way, thus disqualifying herself from receiving benefits. This is a standard complaint that nearly every member in the house has run into at one time or another. Proposals about altering section 54 to take cognizance of this situation have been made ad nauseam but we have seen no change as yet. These complaints will continue to arise if something is not done to correct the situation.

Incidentally, it would be interesting to know whether there is any policy directive from the commission to its officers and staff in the field which ensures that questions are asked of applicants in such a way as to get this type of answer or whether this is just coincidence. It would appear that in many cases the manner in which questions have been asked has been too consistent to be coincidence. I would expect there is some directive that says the staff should try to ascertain information in this way.

Mr. Nicholson: Mr. Chairman, I rise on a question of privilege. I hope, in fact I am sure, that the hon. member accepted my assurance that I would look into this particular case and, if action is needed, I will take the responsibility of seeing that the matter is followed up. I cannot do more than that. If the circumstances are as the hon. member has described it should not need legislative action; it seems to be more an administrative matter. I will look into it.

Mr. Howard: If it is an administrative matter, Mr. Chairman, action should have been taken a long time ago because the situation has prevailed for many years. I do not care how it is done, whether by legislation, regulation or just a straight declaration, but this matter should be straightened out. I do not refer to this case exclusively but to similar cases.

The hon. member for Nickel Belt cited a case where a woman found herself disqualified because of a peculiar set of circumstances over which she had no control whatever. This situation arises as the result of an overly rigid and strict interpretation of section 54(2)(a) of the act relating to availability for work. All the good will on the part of the minister—and I have letters stating this—cannot upset the decisions of the umpires which have been upheld in case after case in like situations.

What is required is a little more generosity on the part of the commission in applying itself to this question. As I understand it, if over a period of years the court of referees, if that is the correct title, and the umpires have made successive interpretations and declarations about what that section of the act means, it is just like a court of law. You look to the precedents and say, it happened before, and you drag out the umpires' decisions to substantiate it happening again.

By the overly rigid interpretation of this rule people are being induced in effect to break the law, in effect to betray their own consciences by answering questions in a dishonest way. They are being forced to do this. When a person hears that his neighbour was disqualified from receiving unemployment insurance benefits because he answered a question put by the insurance officer in a certain way, if that neighbour's case is inquired into he will answer the question in another way. He will say: You bet I am available for work anywhere in the world, for any wage, at any time and in any occupation. That person may in his own mind know he is not able to perform certain jobs but he will say he is simply in order to receive what he thinks he is entitled to namely, benefits under the act.

It would be worth while too, as I asked the minister on second reading, if he would state categorically the position of the government with respect to recommendation No. 11, I think it is, of the Gill committee relating tc expanding the coverage of the act to take in teachers, hospital workers, policemen and the

like. As I understood the minister—if I am incorrect in my understanding I know he will correct me—the doubt in this regard arose because of a speech he made in Kingston which was not interpreted correctly by the news media. Does this mean that the minister is making a categorical statement about the position of the government with respect to teachers and police officers? Are they to be included or not?

Mr. Nicholson: I will be glad to answer that question, Mr. Chairman. I thought that I had answered it. I have stated in the house more than once that it is not the present government's intention—I cannot speak for any future government—to extend the provisions of this act to cover teachers or people in the categories to which the hon. member has referred. The Gill committee has made certain recommendations. Extensions have been made in this area. Agricultural workers have been brought under the act, and others. It is quite possible that further or additional categories will be brought under it. But the intention should be to provide unemployment insurance to those who need it, not to those with no such needs.

I say unequivocally that there are great differences of opinion in and out of government as to how far the recommendations of the Gill committee should be implemented. The one referred to by the hon. member is one of the recommendations with regard to which there is a serious difference of opinion.

The Assistant Deputy Chairman: Order. It being six o'clock it is my duty to leave the chair in order that the house may proceed to the consideration of private members' business.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Vancouver-Kingsway (Mrs. MacInnis), The Canadian Economy—steps to meet increase in cost of living; the hon. member for Winnipeg North (Mr. Orlikow), Criminal Code—suggested amendment respecting representation by counsel; the hon. member for Skeena (Mr. Howard), Industry—possible change in criteria respecting designated areas.

[Mr. Howard.]

It being six o'clock, the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills.

PRIVATE BILLS

THE BELL TELEPHONE COMPANY OF CANADA

Mr. Russell C. Honey (Durham) moved the third reading of Bill No. C-104, respecting The Bell Telephone Company of Canada.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Peters: On division.

Motion agreed to and bill read the third time and passed.

• (6:00 p.m.)

LONDON AND MIDLAND GENERAL INSURANCE COMPANY

Mr. J. G. Lind (Middlesex East) moved the second reading of Bill No. S-25, respecting London and Midland General Insurance Company.

Motion agreed to, bill read the second time and referred to the standing committee on finance, trade and economic affairs.

Mr. Howard: Mr. Speaker, may I raise a point of order about what has just transpired? With respect, I think Your Honour moved too quickly. The hon. member who is sponsoring this bill was on his feet and we were expecting him to make some introductory remarks. He did not have the opportunity to do so when the question was put. I think there was a misunderstanding.

Mr. Speaker: I looked in the direction of the hon. member and he did not rise. Nobody rose. The bill has already received second reading and can be considered in due course when it comes back from the committee to which it has been referred.

COMMERCIAL SOLIDS PIPE LINE COMPANY

The house resumed, from Tuesday, November 28, 1967, consideration in committee of Bill No. C-113, to incorporate Commercial Solids Pipe Line Company—Mr. Basford—Mr. Batten in the chair.

On clause 1—*Incorporation.*

Mr. Peters: Mr. Chairman, I will defer to the sponsor of the bill if he wishes to make some comments. However, he has not risen

and we do not want to get into the same predicament as we did on the last bill. I have a few words to say on this bill. Before the consideration of the bill goes beyond the committee stage I should like assurance from the sponsor of the bill that Bill C-231, the National Transportation Act, passed by this house has been proclaimed. I am under the impression that the section dealing with commodity pipe lines was exempted from the proclamation. This, of course, leaves us in a very poor position. It leaves us in the position of creating a commodity pipe line—this, of course, will be the first one of its kind to handle solids in Canada—without any legislation under which its operations can be supervised.

A great deal of discussion of this commodity pipe line has taken place. I have had the opportunity of discussing this bill with company officials on a number of occasions. I am convinced that the company is sincerely interested in developing not only a research proposition but a commodity pipe line that will handle a product as soon as the pipe line can be made operative.

One of the reasons for discussing the problems connected with solids pipe lines designed to handle basic raw materials was that in fact we were creating a new form of transportation. I do not know what the former minister of transport, now the chairman of the transportation commission, had in mind when he excluded part II of the act from the proclamation. I am sure the government did not exclude that part but that it was the chairman who decided that section would not be put into effect. Certainly he was aware of the purpose of including the solids pipe line section. I am sure he was aware of the need for protection of the consumers of this nation who are using transportation facilities.

We have been told how many thousands of box cars will be taken off the railroads as a result of the construction of a pipe line that will handle basic commodities which are now shipped by rail. I understand this new form of transportation will reduce the price of the product considerably and will put the Shell Oil Company into a position to compete effectively in world markets. This is very worth while. If potash, sulphur and some of the other basic commodities can be carried to the west coast by this new form of transportation we will find that because of the decreased use of rail and highway transportation there will be a change in the cost of the freight that will continue to be handled by the railways and over the highways. It is essential so far as I am concerned, therefore, that part III of the National Transportation Act be proclaimed before this pipe line is constructed.

My recent discussions with company officials indicate they are convinced they have overcome the problems that were involved in putting sulphur in an oil-based slurry to ship to the coast. They are of the opinion that they have been able to solve the problem of refining and removing the commodity from the oil base. Company officials have suggested they will make a number of amendments and I am told the amendments they will put into effect are worth while. In talking to their lawyers I was surprised that they were willing to take out of the bill some of the things I believe are absolutely necessary. We have agreed with the company that these things should be retained because this company will have immediate use for some of them. It seems to me it is no longer our responsibility to insist that certain protection be provided to the nation. The government should proclaim part II of the National Transportation Act which to my knowledge has not been proclaimed. No legitimate reason has been given for not proclaiming that part of the act.

In the transportation of a commodity such as sulphur the difficulties that accrue are many and the research requirements for the economic handling of this commodity are very great. It has been necessary for the company, through research, to arrive at a specific gravity for the sulphur that will allow the company to put the product through the pipe line in a volume equal to about 80 per cent of the total volume of the line. The specific gravity of the product going through the line has to be close enough to the specific gravity of the carrier to enable the company to get the slurry moving again following an emergency shutdown. Otherwise, of course, the solids would remain in the pipe line and a great deal of difficulty would be created.

I have had conversations with other pipe line officials and I find there are a number of ways of handling solids. We were told that commodities such as sulphur might have to be transported in capsule form. Some research has been done into the transportation of sulphur in round or oblong blocks. If for some reason the carriage of these balls of sulphur breaks down, say as a result of pumping difficulties, the specific gravity of the sulphur, being the same as the air in the line, would permit a bottleneck to be avoided.

Private Bills

• (6:10 p.m.)

Anyone who has had anything to do with sulphur knows that it comes in different forms. For example, it comes in acid form, in powder form and in slab form, in which case it is broken up with a jackhammer and then transported in box cars. It is just like the manufacture of Smarties. They are put into formers and coated with chocolate. The sulphur operation is the same but without the chocolate coating.

One suggestion made by the Shell Oil officials was that the refining process could be dispensed with. However, it seems to me that one major factor in the refining process is the removal of sulphur from the oil. If 80 or 90 per cent of sulphur by volume is added in slurry form to the oil there must be a refining process at the end of the pipe line, and that is a difficulty the Shell company is facing.

Whether or not this bill is passed, Mr. Chairman, I am sure this company has sufficient technical know-how to make a success of its operations. I am also sure it has the financial ability to bring this pipe line to reality. However, I have great reservations about the ability of the Canadian public to protect themselves from the possible consequences of this bill. This is only a beginning. It is a little unfortunate that the Shell Oil Company is being criticized here, because it has pioneered in this field. But the interest of the public is much more important than that of any inidividual company or collection of companies, and the public have not really been given that protection. Certainly the chairman of the transportation commission is not protecting them, and we will have to help him protect them against his wishes by insisting that part II of the National Transportation Act be proclaimed before this company is licensed for this operation.

I am sure, Mr. Chairman, you are familiar with the National Energy Board Act and the previous transportation acts that made provision for the movement of commodities by various means. You will also be aware that for a considerable length of time many pipe line companies have come to parliament asking for a licence to construct solid pipe lines. If I can paraphrase what was said previously by the hon. member for Edmonton-Strathcona, we have given in to some companies that have the corporate facility to take advantage of legislation in this field. We have provided a number of companies with the corporate structure that enables them to take advantage of developments in the field of solids pipe line construction.

I am sure that the National Energy Board, under whose jurisdiction such operations fall, has no intention of licensing a pipe line to carry solids until that section of Bill No. C-231 to which I have referred has been proclaimed by order in council. Anyone who followed the debate on the transportation bill will be aware that that piece of legislation was very involved and complicated. They will also be aware that certain conditions were attached to the construction of solids pipe lines. In fact, one section dealt with commodity pipe lines, which included such things as combined pipe lines and solids pipe lines. There was also a section that regulated tolls and tariffs and provisions relating to common carriers. We also inserted in the bill a provision stating that the transportation act was not to conflict with the National Energy Board Act in so far as sections 26 to 39, sections 57, 58, 59 and Part V were concerned.

We also made the following provision in section 28 of the act:

> (1) Where it appears to be in the public interest to do so, the commission may, with the approval of the Governor in Council, make an order or orders exempting a commodity pipe line or any part or parts thereof, from all or any of the provisions of this act.
>
> (2) In any order made under this section, the commission may impose such terms and conditions as it considers advisable.

One of the things that bothers me about that is that the draftsman of the bill must have had the Commercial Solids Pipe Line in mind because it was the only solids pipe line that was being developed at that time. Yet the application of this section and the protection that it would provide has been withheld, and for this reason I am reluctant to agree to the passage of this bill at the present time.

One of our members telephoned the Privy Council office and asked whether part III of the transportation act had been proclaimed. The secretary there informed him that everyone had gone home and she was not in a position to make any statement. We did pass a very complicated bill including a section that protected the public. I do not think anything in that section in the transportation act conflicts with the interests of Commercial Solids Pipe Line. Therefore I think its provisions should apply to this bill before it is passed. On finding that part not proclaimed I can only conclude that there is something I do not know or that some interest is not being

served. I would therefore like to know from the sponsor of the bill why proclamation has not taken place, because I think that part II is most relevant and ought to apply to the company's operation.

• (6:20 p.m.)

Mr. Basford: Mr. Chairman, I was rising to speak when you recognized the hon. member for Timiskaming and I wanted to say that at a later stage I wish to move amendments to the bill, which I understand, have been discussed with hon. members and the company.

With regard to the point raised by the hon. member for Timiskaming, surprisingly it came to light at hearings of the transport committee that part II had not been proclaimed. At that time I did not know that and I checked into the matter. Part II has not been proclaimed owing to administrative reasons. The Canadian Transport Commission has not yet drawn up the regulations which must prevail under part II. Part II cannot be proclaimed until the regulations are drawn up. That is the reason for not proclaiming part II, and there is no other reason.

I was as concerned as the hon. member is about this matter, and I have checked it with the Minister of Transport. I have his authority to say to the house and to put on the record that should anyone commence to build a solids pipe line or even to think of building one, part II will be proclaimed in time to ensure that construction of the pipe line is carried on under the provisions of part II. I hope, earnestly, that the hon. member is satisfied with that undertaking. He is a practical man and he knows that any Canadian government would be silly to allow anyone to commence construction without proclaiming part II. I hope the undertaking which the Minister of Transport has authorized me to give satisfies the hon. member.

The hon. member has discussed this matter with the Shell Oil Company and discussed the type of proposal they have. As the hon. member for Timiskaming knows, the proposal is to carry sulphur in a hydrocarbon base, which means oil or a hydrocarbon. The transportation of hydrocarbons is covered by the National Energy Board Act. The pipe line therefore could not function without an application being made to the National Energy Board. That application is something apart from the provisions of part II. We have on the record an undertaking that part II will be proclaimed before construction is allowed. If the hon. member does not accept that undertaking, he may remember that the provisions of the National Energy Board Act govern the transmission of hydrocarbons.

Mr. Peters: May I ask the hon. member a question? Is it not true that a large quantity of sulphur will be carried? Oil is the carrier and the commodity to be carried is sulphur. For an oil carrier the National Energy Board will be involved, and with respect to the commodity, which is sulphur, part II will apply. The pipe line, therefore, will be governed by the commodity pipe line section of the transport bill. Is that right?

Mr. Basford: Yes. It certainly will be, under part II, but I have already put on the record what the Minister of Transport has authorized me to say, that part II will be proclaimed before anyone starts building a solids pipe line. Part II has not been proclaimed because the regulations have not been drawn up. The point I was making is that even though part II has not been proclaimed, as the hon. member knows, a proposal to carry hydrocarbons is at the present time governed by the National Energy Board Act. Since an oil base will be used to carry the sulphur the pipe line cannot operate without an application to the National Energy Board first being made.

As the hon. member knows, when dealing with a commodity pipe line which uses a hydrocarbon carrier, a combined application must be made to the National Energy Board and to the Canadian Transport Commission. My point is that though part II has not yet been proclaimed it will be, and it will cover this pipe line.

Because of the undertaking I have put on record and because the National Energy Board is involved in the matter, I hope the hon. member is satisfied. His objections were legitimate. I am authorized to say on behalf of the company that they do not want to build a pipe line except under the provisions of part II.

Mr. Nasserden: On a point of order, Mr. Chairman, I do not think we have a quorum.

The Chairman: Order, please. I will ask the Clerk Assistant to count the committee.

And there being only 17 members present, including the chairman, the chairman reported accordingly to the Speaker.

Mr .Speaker: I will ask the Clerk Assistant to take a count of the house.

Mr. Howard: That is the practice we follow now—do everything twice.

Mr. Speaker: Thirty one members are present. There being a quorum, the committee will resume its work.

• (6:30 p.m.)

The house resumed consideration in committee on Bill No. C-113, to incorporate Commercial Solids Pipe Line Company—Mr. Basford—Mr. Batten in the chair.

On clause 1—*Incorporation.*

Mr. Peters: I wish to thank the hon. member for Rosthern for the audience we have. This is an important bill and I am glad to see so many people taking part in the proceedings.

I appreciate what the sponsor has said with relation to the proclaiming of part II. I may say I do not agree with him; I think this part could in fact be proclaimed before the regulations are attached. But I am certainly willing to accept his indication that these regulations are being worked out. I am sure the hon. member is correct in saying that the principals wish to operate under the combines section of part II of the transportation legislation rather than solely under the National Energy Board. I accept the assurance that this will be done.

Clause agreed to.

Clauses 2 to 5 inclusive, agreed to.

On clause 6—*Power to construct and operate pipe line.*

Mr. Basford: I shall ask my hon. friend from Essex South to move an amendment at this point on my behalf.

Mr. Whelan moved:

That clause 6 be amended as follows:

1. in line 32, by deleting the word "and" and by substituting therefor the following "(b) for the purpose of, and related only to, its operations," so that the last part of paragraph (a) becomes a new paragraph of clause 6;

2. in line 37, by deleting the words "for the purpose of its undertaking";

3. by deleting at the end of the present paragraph (a) as amended in the standing committee the words "for the purpose of its undertaking"; and

4. by relettering paragraphs (b) and (c) as (c) and (d).

Mr. Basford: I am instructed that this covers the points which were agreed upon at the meeting between the sponsors of the bill and hon. members opposite.

Amendment agreed to.

[Mr. Speaker.]

Clause as amended agreed to.

Clauses 7 to 10 inclusive agreed to.

Title agreed to.

Bill reported and read the third time and passed.

Mr. Basford: On a question of privilege, may I thank the hon. member for Skeena (Mr. Howard) and the hon. member for Timiskaming (Mr. Peters) for agreeing to meet with the promoters of this bill and for agreeing to the amendments. I thank them for their co-operation.

Mr. Nasserden: May I say, also on a question of privilege, that the reason I wanted a quorum was this: I believe that when a bill passes third reading there should be a quorum, and that private members hour is a good time at which to have a quorum.

An hon. Member: Quite right.

EMPIRE LIFE INSURANCE COMPANY

On the order:

January 23, 1968—Second reading of Bill S-9, An Act respecting The Empire Life Insurance Company—Mr. Ryan.

Mr. Ryan: I was about to ask, Mr. Speaker, that by leave this be dropped to the bottom of the list.

Some hon. Members: Agreed.

Mr. Speaker: Dropped.

BRITISH NORTHWESTERN INSURANCE COMPANY

The house resumed from Tuesday, January 23, consideration of the motion of Mr. Allmand for the second reading of Bill No. S-14, respecting British Northwestern Insurance Company.

Mr. Arnold Peters (Timiskaming): This measure has been before us on a number of occasions. There has been a considerable difference of opinion as to whether or not it is a Canadian company. We have from time to time been concerned about the number of insurance companies which have made petitions to parliament. When this particular bill was introduced, the impression was given that it was a Canadian-owned company. The sponsor confused the issue in his opening remarks on November 2, 1967, when he said, as reported in *Hansard* at page 3814:

For the information of the hon. member this company is a Canadian company originally incorporated in Manitoba in 1906 and subsequently

incorporated under Chapter 70 of the statutes of 1910. The original company, Eagle Star, was a British company.

● (6:40 p.m.)

Although to the sponsor this is a Canadian company, the ownership of the company is totally foreign. As Mr. Humphrys said on January 23:

> The British Northwestern Insurance Company is a federal company, having been federally incorporated in 1917, but it started earlier as a provincial company. It is owned by the Eagle Star Insurance Company, a prominent British company with world wide interests and a very large volume of business.

How does it become a Canadian company? If this is a Canadian company merely because it is incorporated in Canada, then we have no problem with any companies which are federally incorporated. Being incorporated here they would automatically be naturalized Canadian companies. But in my opinion, and I am sure I will be supported by every person who is interested in seeing Canadian control of Canadian industry, because this company is financed by British money it is not a Canadian owned company.

For some time we in this party have been concerned about the question of foreign owned companies. We have been urging that finance and insurance companies which apply for a federal charter should have a large percentage of Canadian ownership. It is not enough for us to say that we will not grant this company a charter because it will continue to do business under the name of Eagle Insurance. We are interested in seeing that it is made a good Canadian corporate citizen, the term used by the Minister of Trade and Commerce. If companies are to become good corporate citizens it seems to me that a large part of the control over them should belong to Canadian citizens.

The President of the Privy Council (Mr. Gordon) has written a number of books on the subject of Canadians regaining control of the Canadian economy. The Watkins report, recently tabled under his auspices, points out a number of ways by which control of companies could pass into Canadian hands. Many persons have been interested in this subject, and numerous suggestions have been made. However, many insurance companies do not care about the matter. They do not care what relationship they have with their parent corporations. The return on their investment is more important to them than the actual method by which their companies are controlled.

I think it can safely be said that the Bell Telephone Company, with 2 per cent American ownership by American Bell, is just as dominated by American Bell as are other companies dominated by foreign parent corporations which control 50 per cent of their stock. I believe we should be working to develop Canadian ownership of all these companies, and in particular of insurance companies which collect moneys in Canada and can reinvest those moneys either in Canada or outside Canada.

If the theme of good corporate citizenship is developed fully, the majority of stock in a company must be owned by Canadian citizens. The Canadian public must have an opportunity to buy the stock of foreign subsidiaries. Other countries have taken steps in this direction. Not long ago the majority of companies in the Scandinavian countries were foreign owned, but then the governments of those countries took steps to buy into the foreign owned companies and stipulated that one seat on their boards of directors must be held by the government. As a result Sweden now owns a great percentage of its own industrial companies.

The Japanese passed a law stipulating that no foreigner could do business in Japan unless 51 per cent of the stock of his company was held by the government of Japan. Yet the Japanese are allowed to come to Canada where they are treated so generously and are given so many concessions that they may own 100 per cent of the corporations they establish here. Solutions for this problem can be found in the Watkins committee report, in the Gordon commission report of a few years ago, and in the reports of other commissions which have inquired into the subject.

Frankly I believe the problem is greatest in the insurance industry. That industry provides a lot of the money for capital investment in municipalities, for housing mortgages and in other fields which are important to the development of our nation. I have been shocked to read some reports of concessions that have been made to insurance companies to allow them to take out of the country the money they collect in Canada and invest it elsewhere.

Recently I was surprised to read an editorial in the Toronto *Daily Star* which referred to a cheap tax ride for Canada's insurance industry. It pointed out that the insurance industry draws 30 per cent of the personal savings of Canadians, and dealt with the reluctance of insurance companies to invest

their money in the industrial growth of the nation. It gave facts and figures which I hope some day to put on the record so that hon. members can consider them.

During consideration of a previous bill this session to incorporate the United Investment Life Assurance Company we made the suggestion that within two years of its commencing business it would sell 25 per cent of its stock to its officers, directors, or if necessary to other people who are Canadian residents. That company agreed to write into its charter that if within ten years it had not succeeded in selling 50 per cent of its shares to Canadian citizens, resident in Canada, it would give up its charter and dissolve. I think that company should be congratulated because it has said voluntarily that if it operates a Canadian company in a Canadian field it will be prepared to raise the money in Canada, sell the stock in Canada, and do business in Canada, and if it is not able to do that to the extent of 50 per cent in a period of ten years, it will give up its charter.

• (6:50 p.m.)

I do not wish to put the sponsor of this bill on the spot by asking him to say that this company will accept the proposal that the United Investment Life Assurance Company was willing to accept. I shall not ask him to make a snap decision of this type today. Therefore I move, seconded by the hon. member for Sudbury (Mr. Germa):

That this bill be not now read a second time but that it be read a second time this day six months hence.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: All those in favour of the motion please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

Since the vote has been demanded pursuant to standing order 6(7) this item of business will stand over until eight o'clock.

[Mr. Peters.]

SEABOARD FINANCE COMPANY OF CANADA

The house resumed from Thursday, January 25, consideration of the motion of Mr. Cameron (High Park) for the second reading of Bill S-15, to incorporate Seaboard Finance Company of Canada.

Mr. Bud Germa (Sudbury): Mr. Speaker, I should like to make a few comments in respect of Bill S-15, to incorporate Seaboard Finance Company of Canada. The Seaboard Finance Company of Canada is an Ontario incorporated company which seeks federal incorporation under the Small Loans Act. I believe it already is a known fact that this company engages in business throughout Canada under its provincial charter. So, should this company be granted federal incorporation, the only benefit that would accrue to it would be that it would have a little greater status in the community because the federal parliament had placed its hand upon it stating that it is free to go out in the business world to conduct the business of small loans.

The Seaboard Finance Company of Canada is a totally owned subsidiary of a large foreign investment company. The Prime Minister has stated that it is his belief and wish that Canadian industry and financial institutions should come progressively more and more under the jurisdiction of Canadian citizens. We believe this to be a good precedent. I should like to support the Prime Minister by saying that these companies which control large blocks of shares in our country should be under Canadian ownership and therefore responsive more to the needs of Canada and less to the needs and influences of a foreign country.

We are reluctant therefore to grant our blessing to this company, that it should go out into the world to conduct this business. Moneylenders have been with us since the beginning of time I presume. They are mentioned in the Bible. In the old days the moneylenders went into the temples and the high priests drove them with whips out of the temple. I do not propose that the moneylenders in this day and age should be whipped, but they certainly do not contribute to the well-being of our country when they charge usurious rates of interest to the people who are placed in the predicament of having to come into their clutches.

Under the Small Loans Act the Canadian people have borrowed approximately $900 million in order to acquire for themselves the

things they need to carry on the business of living in Canada today. When we consider that the rate charged under the Small Loans Act sometimes is as high as 24 per cent we realize that a great deal of money which could otherwise be directed toward the production of more consumer goods is being siphoned off in the form of interest. If a greater percentage of this money which is paid out in the form of interest was retained as spending power in the hands of the consumers, I am sure more employment would be created. We would have a better standard of living and the whole economy of the nation would be improved if this money which is now being paid out in the form of usurious interest were left in the hands of the spender.

May I call it seven o'clock, Mr. Speaker.

Mr. Speaker: Before we call it seven o'clock, I should like to inform the house that the hon. member for High Park (Mr. Cameron) has indicated to me he intended to ask the house for unanimous consent to withdraw the bill from the order paper.

Mr. Frank Howard (Skeena): Mr. Speaker, I had hoped I would have an opportunity to ask the house for unanimous consent that this bill be allowed to retain its order of priority on the order paper, because we have not had an opportunity to examine it today. I think that would be a better course of action.

Mr. A. J. P. Cameron (High Park): Mr. Speaker, if that is the way my hon. friend feels about it I think it should go to the bottom of the list.

Mr. Speaker: It being seven o'clock I do now leave the chair.

At seven o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

PRIVATE BILLS

BRITISH NORTHWESTERN INSURANCE COMPANY

The house resumed consideration of the motion of Mr. Allmand for the second reading of Bill No. S-14, respecting British Northwestern Insurance Company, and the superseding motion of Mr. Peters.

Mr. Speaker: Pursuant to section 7 of standing order No. 6, the house will now revert to private members business for the purpose of taking a vote which was postponed when private members business was being considered between the hours of six and seven o'clock this evening. The question is on the motion by the hon. member for Timiskaming, that Bill No. S-14 be not now read a second time but that it be read this day six months hence.

Call in the members.

Division

The house divided on the motion (Mr. Peters) which was negatived on the following division:

YEAS

Messrs:

Barnett	Knowles
Cameron (Nanaimo-Cowichan-The Islands)	Langlois (Mégantic)
Caouette	Laprise
Dionne	Lewis
Fawcett	MacInnis (Mrs.)
Gauthier	Martin (Timmins)
Germa	Mather
Gilbert	Orlikow
Godin	Peters
Grégoire	Prittie
Howard	Saltsman
Howe (Hamilton South)	Schreyer
	Simard
	Winch—26.

NAYS

Messrs:

Addison	Côté (Longueuil)
Aiken	Côté (Nicolet-Yamaska)
Alkenbrack	Cowan
Allmand	Crossman
Asselin (Richmond-Wolfe)	Crouse
Baldwin	Danforth
Ballard	Davis
Basford	Deachman
Batten	Dinsdale
Béchard	Drury
Beer	Dubé
Bell (Carleton)	Duquet
Bell (Saint John-Albert)	Émard
Benson	Enns
Berger	Ethier
Bigg	Fairweather
Blouin	Fane
Boulanger	Faulkner
Bower	Forest
Brown	Forrestall
Byrne	Foy
Cadieux (Terrebonne)	Gendron
Cameron (High Park)	Gordon
Cantelon	Goyer
Cantin	Granger
Caron	Gray
Cashin	Grills
Chatterton	Groos
Chatwood	Guay
Choquette	Gundlock
Clermont	Habel
Code	Haidasz
Comtois	Hales
	Harley
	Hellyer

Honey	Noble
Hopkins	Noël
Horner (The Battlefords)	Nugent
Hymmen	O'Keefe
Irvine	Olson
Isabelle	Orange
Jamieson	Ormiston
Johnston	Otto
Jorgenson	Pascoe
Kindt	Pelletier
Klein	Pennell
Korchinski	Pepin
Lachance	Pilon
Laflamme	Prud'homme
Laing	Pugh
LaMarsh (Miss)	Rapp
Langlois (Chicoutimi)	Régimbal
Laniel	Reid
Laverdière	Ricard
Leblanc (Laurier)	Richard
LeBlanc (Rimouski)	Rideout (Mrs.)
Leboe	Robichaud
Lefebvre	Rochon
Legault	Rock
Lessard	Roxburgh
Lind	Ryan
Loiselle	Sauvé
Loney	Scott (Victoria (Ont.))
Macaluso	Sharp
MacDonald (Prince)	Sherman
Macdonald (Rosedale)	Southam
MacEachen	Stafford
MacEwan	Stanbury
MacInnis (Cape Breton South)	Stanfield
Mackasey	Stefanson
MacLean (Queens)	Tardif
McCleave	Teillet
McCutcheon	Thomas (Maisonneuve-Rosemont
McIntosh	Thomas (Middlesex West)
McLean (Charlotte)	Thompson
McLelland	Tolmie
McNulty	Tremblay (Richelieu-Verchères)
McQuaid	Trudeau
McWilliam	Tucker
Madill	Valade
Marchand	Wadds (Mrs.)
Martin (Essex East)	Wahn
Matheson	Walker
Matte	Watson (Assiniboia)
Moore	Watson (Châteauguay-Huntingdon-Laprairie)
Munro	Webb
Nasserden	Whelan
Neveu	Winters—177.
Nicholson	
Nielsen	
Nixon	

• (8:30 p.m.)

Mr. Speaker: I declare the motion lost. The house will now resume in committee of the whole.

UNEMPLOYMENT INSURANCE ACT

MEASURE TO BROADEN COVERAGE

The house resumed consideration in committee of Bill No. C-197, to amend the Unemployment Insurance Act—Mr. MacEachen (for Mr. Nicholson)—Mr. Batten in the chair.

[Mr. Speaker.]

On clause 1—

• (8:40 p.m.)

The Chairman: Shall clause 1 carry?

Mr. Alkenbrack: Before the house proceeded to the consideration of private bills, I heard the minister admit that there is need to improve the public relations of the Unemployment Insurance Commission, and I am glad he said that. I assume the minister can assure the committee that no part of this bill, which is to amend the act, applies to school teachers in our schools and colleges. I note that the minister says it is impossible to have offices in every community in Canada. I submit that this government's centralization program is not providing a proper service to our people. We still ought to have unemployment insurance offices in every county of Ontario, as we had formerly. If we did that we could give our people far better service than they are now getting.

I wish to avail myself of this opportunity to comment briefly on Bill C-197, which is a bill to amend the Unemployment Insurance Act. This indeed is a timely discussion because of the great amount of unemployment we now have in Canada. That rate has reached a high point of almost 7 per cent of the work force—and that rate contradicts the boasts of the various cabinet ministers about this country's great rate of economic progress.

Conditions are not as good in Canada as they might be. They are not as good as the government tries to make out they are. Under this government, all along the line production rates are falling, and often failing. This government does not look after our export trade as the previous government did. The annual increase in our gross national product this year stands at a new low. The export markets which were built up by the former Conservative government are being either lost or crippled as the result of the Kennedy round of trade agreements. That leads to unemployment. A leading example of the former statement, to do with export markets, is to be found in our diminishing wheat export sales.

I have in my hand a page from the *Globe and Mail* of February 28, and the heading over one article is, "Wheat exports sliding farther from '67 level". This proves that this government is not pursuing the promotion of wheat exports as vigorously as did the previous government. Lowering the level of exports certainly brings unemployment.

This country's canning and food processing industry, which is very important to my constituency of Prince Edward-Lennox, is not prospering as it should because this government's national and world outlook precludes it from giving that industry the assistance and service that is necessary for the industry to prosper. Accordingly we have more unemployment in our counties, in areas where fruit and food processing was a sustaining industry. These remarks tie in with unemployment and with the subject of this bill; that is because the policy of this government is creating more unemployment in the canning industry and other industries.

Evidently, from reading clause 1 of Bill C-197, the government foresees no change in our present high rate of unemployment. Those who earn up to $7,800 a year are to be brought under the act as insured persons. The government knows that those who earn between $5,460 and $7,800 per annum, and who are to be brought under this act, will no doubt have a better record of continuous employment than those who earn less. Therefore it is bolstering the unemployment insurance fund pretty much at the expense of this category of salaried persons. I also recognize that hourly wage rates have increased. These increases have put hourly wage earners into a position that is different from the one they occupied in the 1950's and early 1960's, so far as the application of the act is concerned. I cannot say that I support totally this new coverage nor that I support totally the new benefit rates. I caution the government to be careful about measures that make it more profitable for one to be unemployed.

In some quarters there is at present some uncertainty about the advisability of having compulsory unemployment insurance throughout the agricultural industry. I wish to place on record two resolutions from the Canadian Federation of Agriculture which are contained in a brief they presented this week to the cabinet and to various parties in this house. The first resolution is headed "Declaration of Inconsiderable Employment". This, I take it, pertains to transient and seasonal labour, and it reads as follows:

Whereas certain segments of agricultural producers must rely on part time help; and

Whereas many of these part time employees are not interested in any other employment; and

Whereas it is unlikely that these employees would or could benefit from unemployment insurance;

Resolved that the Unemployment Insurance Commission reinstate the validity of the "Declaration of Inconsiderable Employment" so that part-time employees in agriculture have the prerogative as to whether they desire to be covered by Unemployment Insurance.

In other words, the Canadian Federation of Agriculture is asking the government not to make the coverage of agricultural workers compulsory.

The next resolution in the brief reads as follows:

Whereas unemployment insurance was introduced for agricultural workers earlier in the year; and

Whereas the regulations were modified later in such a manner as to curtail its application to seasonal workers; and

Whereas the value or effect of Unemployment Insurance for farm labour is negligible;

Resolved that this program, as it applies to agriculture, be the subject of future study and recommendation by the Canadian Federation of Agriculture.

I recommend that the government's agricultural task force, which I assume is touring the country and looking into agricultural problems, consider these resolutions and conditions across the country and make recommendations regarding them.

I wish to bring up another point. Why is it so common for a man or woman who has paid unemployment insurance for many years, who has been a steady worker and never laid off, to have trouble collecting unemployment insurance when it is necessary to do so? Why are such people who have been steady workers and who have never been laid off so often refused cheques for extended periods? Why are they subject to humiliation and loss of money due to them, because of the run-around they so frequently get from the workers in the unemployment insurance offices? Why should these worthy insured persons be subject to the procrastination of clerks in these offices? Many instances of this have been brought to my attention, and in this connection I should like to quote from a letter I have received from a constituent calling attention, among other things, to the fact that people whose contributions have built up the very strength of the unemployment insurance fund cannot readily collect insurance when it is due to them, while on the other hand those who have been employed for only a short length of time, those whose employment record is never continuous, can usually walk into an unemployment insurance office and walk out with a cheque. I am sure I am not the only member of this house who has received complaints of this kind. This is one

letter I received, under date of January 26, 1968:

• (8:50 p.m.)

Dear Mr. Alkenbrack,

I am writing concerning unemployment insurance. I have worked almost continuously from the time I left high school and paid into unemployment all that time. I have never drawn unemployment before, until now. I was laid off on September 18, 1967 and had to correspond, back and forth for six weeks, before I finally got unemployment insurance.

So I have actually drawn a very short time and today I got a letter saying "We are waiting a decision on your claim. When received we will send any benefit that may be payable to you." I hardly think that's fair. After all you see people who only work long enough so they can draw, they go in and have no trouble at all getting insurance, while people who are willing to work keep them going. Then, when we get laid off, we have to put up an awful fight to get insurance.

My husband had the same trouble, he has worked for 15 years and this is only the second time he has ever drawn. He also had to wait for six weeks before he got anything. If it hadn't been for the small amount I drew, we would have starved to death. He never had a cent for six weeks. He had to phone over there—

This letter is written by a lady in Picton, Ontario. When she refers to "over there" she is referring to the Belleville office. The letter continues:

He had to phone over there, write back and forth, and what all he didn't have to do. They also went through his book and took the lowest stamp and gave him $33 instead of $36. He worked for a trucking company and the majority of his stamps were the highest you pay. When I was getting something, we could at least eat and buy oil. Now we are beside ourselves with worry for you know as well as I that $33 does not even feed a family of six properly, let alone buy fuel, pay hydro and phone, make our house payment and pay any other bills that the average family has. Also, with that amount of money, we cannot afford doctor's coverage and hospitalization which is an added worry.

We will have to lose our house and all the hard work we put into it. Then what will we do? Our payment is smaller than most places to rent so if we can't pay it, how can we rent a place?

There are quite a few families in this area in the same predicament and I think its time somebody tried to help us or give us some idea how to help ourselves. There are parents and children in this town who are actually cold and hungry and most of them are good willing workers, but we just can't find any work. And the unemployment insurance think because we are from a small town they can pull the wool over our eyes and we'll sit back and take it.

That is all I shall read from that letter. I have visited this family. The lady is certainly not exaggerating. They are having a tough time; the money should have been available to them long ago. I am now investigating the above complaint and I know the minister will give me every consideration because I am sure he will not tolerate this sort of treatment of applicants.

Here is another complaint from a constituent of mine in Napanee, a man who has been working for one firm all his life since 1913. How long ago is that, Mr. Chairman? Fifty five years, working for one firm, during which time he never drew an unemployment insurance benefit. I quote this letter to show the kind of ill treatment to which many people in this country are being subjected. The letter is dated February 15, 1968, and is as follows:

Dear Sir,

In regard to unemployment I am sending this letter to you. As you know I have worked with the Napanee Iron Works, now the Napanee Industries, since 1913 at the age of 12 years, worked through two world wars.

I was ill in September 1966 and was home for some time. I was unable to return to the kind of work I had been doing. I had to have lighter work which they did not have at that time. The Napanee Industries gave me a lay-off slip until such time I applied for unemployment in September 1967 and was told by the manpower office in Kingston—

Here again I pause to inform the committee that the unemployment insurance office has been moved out of Napanee and centralized, in this case, in Kingston.

—that I did not have enough stamps in one year, also they wanted a doctor's certificate saying I was able to work, which I sent to them with a letter from Napanee Industries and the unemployment book with the stamps for my holiday pay for 1967. They still say I do not have enough stamps. I have paid unemployment since it started. It hardly seems fair. If there is anything that can be done about this I will really appreciate it.

Thanking you,

Milton Vanalstine.

I have no hesitation about reading this man's name into the record, because I have known him for years and I know he deserves whatever benefits the law will give him with regard to unemployment insurance. Canada owes this man and thousands more like him across our country a debt of gratitude, as well as the unemployment insurance which is coming to him after 55 years in the industrial service of this nation.

Some hon. Members: Hear, hear.

Mr. Alkenbrack: Mr. Chairman, both the minister and I are investigating this case. A good many of these evils and ills can be laid against the heartless practices and narrow confined thinking of bureaucracy. I am not entirely blaming this government. One must know and recognize the workings of bureaucracy. When these evils are pointed out to

whatever government happens to be in power I think that government should see to it that these wrongs are righted.

• (9:00 p.m.)

We need a complete overhaul of the Unemployment Insurance Act to make it work in a more equitable way in serving unemployed people under present changing conditions, conditions unknown in the 1940's and 1950's. People who have contributed for many years should not be discriminated against. I find that the man who has never applied for unemployment insurance and has never drawn unemployment insurance benefits often disqualifies himself when filling out the tricky and intricate application forms. On the other hand, the man who goes often to an unemployment insurance office knows how to fill out these forms, so that thereby he does not disqualify himself.

As I have already inferred I want to impress upon the minister that I am very much against the moving of unemployment insurance offices to the larger centres. I am sure I speak for a large part of the country when I say this, because this is the general opinion across the country. This centralization is not good; it results in the power of decision being placed in the hands of officials who do not know local conditions. What does an official in Ottawa, Toronto, Kingston or Belleville know about the cases of local applicants in smaller centres like Napanee and Picton? I say to the government, quit recognizing the Unemployment Insurance Act and its benefits as a charity to be doled out in a niggardly manner to the people, and recognize the program for what it is: an insurance fund which belongs to the people who paid into it. They should have full and ready access to it in time of need.

Mr. Fane: Mr. Chairman, I have a few remarks to make that I hope will receive the minister's attention, and I also want to ask him a couple of questions. First, however, I wish to state that I am very glad that he has seen fit to exempt the teaching profession from compulsory contributions to the unemployment insurance fund. In the province from which I come there is absolutely no unemployment in the teaching profession, and there is not any chance that there will be unemployment in it.

There is one other profession that is in the same boat. I am sure the minister has received a resolution from the Alberta Association of Registered Nurses, which reads:

—Resolved that the Alberta Association of Registered Nurses representing approximately 10,000 graduate professional nurses in the province of Alberta do strenuously object to any changes in the Unemployment Insurance Act or regulations made thereunder that would have the effect of compelling graduate professional nurses to make compulsory contributions to the unemployment insurance fund.

I did not hear the minister say whether nurses are exempted, but their profession also is one in which there is no unemployment, and it would be very unfair if they had to pay into the unemployment insurance fund all the time and not get any benefit from it. I hope the minister will tell me exactly where the nurses stand, and I hope it is in the same place as the members of the teaching profession.

It seems that for some people the Unemployment Insurance Act works out very nicely, while for others it does not work so well. About ten days ago I received a letter from a lady in my constiuency, who was laid off work last fall. She lives in a small town. Incidentally in Alberta we are not faced with the difficulty of having any local unemployment insurance offices closed because we just do not have any. These offices are in Edmonton, Calgary, and perhaps in the other bigger cities. There are none in the smaller towns, even though many of the smaller towns serve large communities.

This lady informed me that on January 21 she received a letter inquiring if she would travel more than 15 miles to work, if work were found for her. She said that during the winter she felt she should not be asked to travel more than 15 miles to find work. Later on she telephoned the office in Edmonton and told the officials she would travel a matter of 25 or 30 miles, provided it was on a good road. She immediately got word back that she had been disqualified and would not receive any more benefits.

I wrote back immediately and told her she had better make an appeal to the board of referees. She did just that, but in the meantime she is not getting any unemployment insurance benefit, and she cannot get her job back until springtime. Even though it appears to be springtime in Alberta at the moment, it is just too soon for it, and so she will have her job back probably in May. However, in the meantime she has nothing to live on.

She also told me that other people who had been working in the same place, who worked

exactly the same amount of time, and who are living in the same town as she is, have not been cut off. No inquiries have been made about them and she simply cannot understand why in the world she was discriminated against. I did not bother the minister by writing to him about the case. However, I did write direct to the manager of the unemployment insurance office in Edmonton, a day or two after I had replied to the lady, and he wrote back that she had already followed my advice, that she had appealed to the board of referees, and that her file had gone to Winnipeg and was now out of his hands.

I have not yet received a reply from the Winnipeg office, but it seems very strange that people living in the same town, who had been working at the same job, who had put in exactly the same amount of time, even to the hour, were not questioned, while this one account was looked up and payment stopped. Why in the world does this procedure not apply to everybody? I think that is the way it should be.

• (9:10 p.m.)

Similar cases have come to my attention concerning persons whose payments were stopped. In most instances I was able to have those payments started again. I do not know, however, what the situation will be in this particular case. As I have said, other people have been in the same position as this lady. This situation would seem to parallel that described in the 91st psalm, where it is written that—

—a thousand shall fall at thy left hand and ten thousand at thy right hand; yet shall it not come nigh unto thee.

It does seem to me that this should not be the situation when we are dealing with something as important as unemployment insurance payments. I am sure the minister will say a few words about these things, when he has the opportunity. I hope he will pay particular attention to the resolution from the Alberta Association of Registered Nurses and to situations like those I mentioned which concern the people whom I have mentioned.

Thank you, Mr. Chairman.

Mr. Peters: Mr. Chairman, I was interested in the minister's remarks in closing the debate on second reading, when he referred to the problem concerning the closing of the unemployment insurance offices. This problem has been raised by nearly every member who has spoken.

[Mr. Fane.]

In his explanation the minister mentioned two or three points, one of which was that he did not have control over this matter because it is a matter which comes under the jurisdiction of the commission, only one member of which is a government appointee, the other two being labour and management appointees. I do not think it is necessarily a bad situation to have the appointments made in this manner. It has worked in this way for a long time.

Second, he mentioned that it had relation to the computerization and the I.B.M. cards. He pointed out that it is cheaper to handle the situation in this manner. But if a service is not provided to the people, then there is no value in its being cheaper. We are trying to serve the people. We are operating an insurance plan for the workers of Canada; it is their money we are administering.

The operation of this plan should be carried out so that the needs of the people are met. I can assure the minister that there is no benefit in terms of service to the people in many of the semi-rural areas. The minister may not be aware of this but, for instance in my area, there are many people who have a limited education in the language they use. The native tongue of many people in my area is French, yet most of them attended English speaking schools. They have great difficulty understanding the forms which are provided. One question with which they have difficulty is that pertaining to transportation. They are asked whether they have transportation. In many cases the person writes "no". When I discuss the situation with such a person and have the letter from the Unemployment Insurance Commission in front of me I ask him whether he drives a car, and he answers that he does. Then I ask him whether he has a car and he states that he has. Then I say to him, "You have transportation". He replies, "No; don't have transportation". Then I ask him what he considers to be transportation and he replies, "train and bus".

This is not the fault of the person involved. If he were able to go to the unemployment insurance office they would be able to ascertain in a moment whether or not he had transportation. This, however, cannot be done by means of a computer. The computer is not able to ascertain the interpretation the applicant places on the word "transportation". There is no advantage in the computer system if it does not provide a service. That system is satisfactory when used by a large insurance company, because such a company

also has people who visit the policyholders and have a personal contact with them. It is all right for the head office to be computerized. If the post offices or the manpower centres were permitted to provide the services which formerly were provided by the unemployment insurance offices, we might be able to solve some of these problems. Originally these two important offices had a dual function, but they have now been separated.

I believe the minister must give further consideration to this matter of the division of these services. He mentioned that this came about before the last cabinet shuffle. I agree, but I feel sure he will agree with me that if these changes do not help the persons who are entitled to draw benefits, then the matter should be reconsidered. Almost every member who has spoken has expressed his concern about the problem of non-service to the individual and the fact that the individual does not receive any satisfaction from a computer. The computer does not do anything for him; it does not give him any money either. It may satisfy the officials in the department, but it certainly does not satisfy the people. I am surprised that the Liberal members in this house have no problems. I am surprised that they appear to come from urban areas in which there are unemployment insurance offices and manpower centres in the same town.

I am not suggesting that there should be an unemployment insurance office in every town, but I am suggesting that there should be one in every area. The people in my area can travel 140 miles to Timmins, but the office there is in a period of transition. Timmins will not be the sole depository for information concerning unemployment insurance. In the future it may be necessary for a person to go to Toronto. If one must drive to Toronto in order to find out about his unemployment insurance he may decide that it would be easier to go on the dole and obtain assistance from the municipality.

I wish the minister godspeed in any change he may be contemplating, because many people are totally dissatisfied with this situation. I believe that if the minister wished to do so he could bring in provisions which would reverse the situation so that a service would be provided to the people. I think the minister forgets the purpose of the fund. I am sure, Mr. Chairman, you must have been surprised at the statements which were made tonight which implied that after a person had been employed for a long period of time he should be able to get his money back. The minister applauds. I think this is a ridiculous situation. This is not an endowment policy; it is an insurance program. A person should only get his money back if he is available for work and no work is available for him. There is no other reason.

It seems to me there is a grave misunderstanding concerning what the unemployment insurance program is expected to do. Certainly the statements that have been made by a number of people who have excited the teachers would indicate that there is a need for better public relations in respect of unemployment insurance. Under the former director the matter of public relations was in good hands, but ever since there has been no continuation of a satisfactory public relations policy. Personally I had great respect for Mr. McGregor, the former director.

• (9:20 p.m.)

The minister may not feel it is within his prerogative to make these changes, but we have made changes before and are willing to make more. It seems that we should be willing to make changes in the regulations as well as in the legislation. The regulations are creating a situation which as a former labour representative I feel, was not anticipated. We have heard about the many letters hon. members have received, and I could read perhaps 15 or 20 of a similar nature which I have received in the last week or two. These problems now being brought to the attention of members of parliament might well have been handled by agents in the areas, to the satisfaction of the people involved.

This fund does not belong to the government; it belongs to the people who have contributed to it. Surely they should have some way of telling the government how they feel it should be administered. This is the place where this should be done. I am surprised the minister is not more flexible in the position he takes. I am sure he could have greater influence on the commission than he has indicated.

Mr. Hymmen: Mr. Chairman, my remarks are not prompted by the remarks of the hon. member for Timiskaming, because I intended to say something about amendments to the Unemployment Insurance Act. No one questions that this legislation introduced by the Liberal government has provided benefits to the Canadian working force. Over the years there have been problems. When in the

absence of the Minister of Labour the Minister of National Health and Welfare introduced this bill, I was encouraged by his explanation of the unemployment insurance program the government intended to carry out, and I was particularly impressed by the action suggested in respect of abuses.

In some respects the Unemployment Insurance Act is misnamed. Most hon. members of this house have life insurance, automobile insurance, accident insurance and fire insurance. They carry this insurance, not with the certainty but with the probability of receiving benefits. When the Unemployment Insurance Act was introduced there was a great deal of unemployment in this country. It was introduced in an attempt to provide funds to support the unemployed. Since that time our standards of education and living have increased considerably.

A close look should be taken not only at this act but at other legislation of this type on our statute books. The benefits provided under various statutes should be co-ordinated. I had occasion to speak about unemployment insurance in this house not long ago, when we were considering a private member's bill. I noted that members of the official opposition asked why the government did not adopt the recommendations of the Gill committee report. Let me say that I disagree entirely with one of the recommendations of that commttee regarding the universality of unemployment insurance. The recommendation was that regardless of the probability or possibility of an individual benefiting from unemployment insurance, he should make payments in order to provide funds for others who may benefit.

The Minister of Labour denied that there was some concern among professionals and self-employed indivduals regarding payments to the unemployment insurance fund, without the likelihood of their receiving any benefits. I have received many letters in this regard from these people expressing some concern. I disagree entirely with the principle involved in this recommendation regarding universality.

I am in full support of the higher ceiling in respect of unemployment insurance payments. Wages and standards of living have increased since this bill was last amended, and I believe that the maximum allowance for a working man with dependants is hopelessly inadequate. I am happy that the maximum has not reached that proposed last summer, because I felt at the time the suggested maximum was too high.

[Mr. Hymmen.]

Some members, including the hon. member for Timiskaming, have referred to problems connected with consolidation of the activities of unemployment insurance offices. I represent a riding in which the unemployment insurance office has been consolidated with the office of a neighbouring riding, so I am aware of some problems resulting from this consolidation. While I support efficiency in any government operation, the use of I.B.M. methods has created problems. Many of those seeking benefits in this country have come from foreign lands and find difficulty in filling out forms. For this reason there is some merit in the suggestion that the operations of the Unemployment Insurance Commission should be co-ordinated with those of the manpower department. In this way some direct help could be given to those individuals who are legitimately eligible for unemployment insurance benefits, but who for various reasons have difficulty filling out these forms. Many of them fill out forms inaccurately, with the result that the forms are then returned to be filled out again. This causes delays.

• (9:30 p.m.)

There is another problem I should like to bring to the minister's attention. It has been suggested to me that in some of the larger municipalities there is a problem with regard to welfare benefits paid by the municipality. In these areas people are sometimes out of work because of specific conditions in the municipality. We all know that the municipality has the responsibility to look after people who for reasons beyond their control are not able to find an immediate means of livelihood. There is here a problem caused by the remote nature of the Unemployment Insurance Commission, and it is very difficult to determine whether unemployment insurance benets are legitimately claimed and whether they should be provided. This has caused a great deal of trouble to the welfare departments in these municipalities. They do not know whether to provide sustenance immediately, whether to wait until the unemployment insurance benefits are received, or what to do about the problem.

Under the old operation—and again I say I would defend any change which reduced cost and produced more efficiency in any government operation—there was more direct liaison between the unemployment insurance office or the manpower office and the municipal welfare department. It was much easier to determine whether the unemployment insurance benefits should be paid, or whether the

responsibility should be borne immediately by the municipal welfare department, so as to make sure that people who through no fault of their own were in need of assistance were not deprived of the necessities of housing and food.

I ask the minister whether this problem has been brought to his attention by municipalities and provincial welfare departments. If there are situations where a curtailment of industrial operation due to certain circumstances has brought an increase in welfare benefits, the knowledge that individuals who apply for such assistance will receive unemployment insurance benefits, and when they will receive them, would be very important to those responsible for seeing that these people are able to provide their immediate necessities.

We know that if an individual who is eligible for unemployment insurance benefit also receives municipal welfare, it is extremely doubtful that he will return that benefit to which he is not entitled. I trust that the minister will give this matter serious consideration and will take it up with the municipalities. I know there is great concern in my own municipality, and on the part of the Ontario welfare departments that are responsible for the administration of welfare payments.

[*Translation*]

Mr. Laprise: Mr. Chairman, I wish to say a few words at this stage of the debate and tell the minister, in my turn, that I support the bill as far as the increase in the rates of unemployment insurance benefits is concerned.

On the other hand, while I agree with that part of the bill, I would have hoped that this piece of legislation sponsored by the minister had contained several other amendments to the present Unemployment Insurance Act and had provided for a reorganization of the U.I.C. system.

Like previous speakers, I feel that unemployment insurance offices are a little too widely scattered in rural areas. For instance, in the area I represent, namely Chapleau, one of the largest ridings of the country, there is no unemployment insurance office. In the entire northwestern area, there are only two, one in Rouyn and another in Val d'Or. But there is none in the riding of Chapleau. On the other hand, the Chibougamau-Chapais area is served by the Chicoutimi office.

From the Amos and La Sarre areas, or from the parishes to the north, especially the new centre of Lebel-Quévillon, there is a fairly long distance to cover before reaching the unemployment insurance office.

Therefore, Mr. Chairman, I feel it may be advisable to review that situation. I realize that applications for benefits can be sent through the mail, but as other members have pointed out, some delays at times are probably due to the fact that several applicants are somewhat less educated than the average people. Since they find it hard to understand the application forms for unemployment insurance benefits, they sometimes complete them incorrectly, which causes delays. That is why I feel that situation should be reviewed. If it is not possible to open new offices, in order to make them more available to the public, the mail application system might be reviewed and perhaps improved.

Another thing I should like to point out to the minister tonight has to do with the board of referees. There again, there is only one office in my area, the one at Rouyn, where people can lodge their appeals. Of course, those who are not satisfied with the official's decision are told that there are no costs to appeal to the board of referees. But a person must still incur travel and hotel expenses in Rouyn, and this may be quite an amount. We have to consider that a person out of work, who is claiming unemployment insurance benefits which are not given to him when he thinks he is entitled to them, is already short of money to travel, and he runs the risk of losing his appeal. Expenses are always high in such cases, and he thereby deprives his whole family of several dollars that could be used for their needs. There again, in my opinion, the members of the board of referees could be allowed at least to go to each of the unemployment insurance offices to hear the appeals, thereby sparing needless expenses to the claimants.

• (9:40 p.m.)

Mr. Chairman, when he introduced this bill, the Minister of National Health and Welfare (Mr. MacEachen) said, I think, that a large number of claimants were making false claims. I doubt that the number is very large. The fact that there are some such cases leads me to think that a difference should be made between those who make a false claim and those who make a faulty claim. I have often observed that when a claimant presented a faulty claim, he was acting in good faith. However, in every case, the officials of the Unemployment Insurance Commission think that the claimant has made a false statement.

In my opinion, that is unfair. These people should at least be given the benefit of the doubt until proved guilty.

It must not be thought that claiments are the only ones who make mistakes or erroneous statements. I have noticed cases where the officials of the Unemployment Insurance Commission themselves had made a mistake; they are not above making mistakes. These cases should also be taken into consideration.

There is another point I should like to make to the minister—I think he was told about it in the last two days—and that is, that employers, when they dismiss some of their employees, quite often neglect to give them their unemployment insurance booklet. This puts the employee or the claimant in a difficult situation. Some do not know what to do and do not put in their claim immediately; they wait until they receive their unemployment insurance booklet from their employer. Others, on the other hand, put in their claim immediately but, since they do not send their unemployment insurance booklet along with it, they encounter various difficulties and sometimes lose unemployment insurance benefits to which they would otherwise be entitled. I think that is what happens usually.

In my opinion, the number of mistaken claims is small in comparison with the ever increasing number of unemployment insurance claims. I think this should not receive more attention than necessary, and that steps should instead be taken to help the claimants to fill out their claim forms.

In that connection, Mr. Chairman, I will point out that nearly every month, the Dominion Bureau of Statistics, through the Unemployment Insurance Commission, discloses the number of unemployed in Canada and in each province. Sometimes we are told that there are 280,000 unemployed. Other times, there are 300,000, 400,000; I think that there are now 465,000, if not more.

I wonder whether these figures give us a true picture of the employment situation in Canada. The public is brought to believe that there are now 465,000 unemployed in Canada, but there is one thing I want to emphasize: among these 465,000 unemployed, some were working a month ago or will be working in one, two, four weeks or more. What I want to say is that during the twelve months of a year, there are a lot more than 465,000 people who, at a given time, are unemployed and apply for unemployment insurance benefits.

On June 8, 1964, the government gave me an answer to a question I had put in the order paper. It pointed out that there had been in 1957, 1,256,051 people who had applied for unemployment insurance benefits; that means that in 1957, 1,256,051 workers had been unemployed at one time or another. In 1958, this figure was up to 1,682,948 applicants or unemployed. In 1959, it has risen to 1,792,-864. In 1960, it had fallen slightly, to 1,742,508 claimants. in 1961, the number of claimants had never been so high, 1,814,326. In 1962, there were 1,613,308 and in 1963, 1,507,802. In 1964, the last year for which I got figures, the number of applicants reached 1,385,142. All this to point out, Mr. Chairman, that those individuals at a certain time of the year were unemployed, only drawing some unemployment insurance benefits to provide for their needs and those of their family.

We know that any labourer who works two months a year, either in the building industry, as a lumberman or in any other field where the legislation allows him to draw unemployment insurance benefits, needs his entire income to make both ends meet. Now, how can the individuals who are out of work several weeks each year do so? Those persons always have an inadequate income and consequently can hardly succeed in living properly. Such is the situation at the present time, when the country has about 465,000 unemployed. However, in the year 1967, I do not think that the number of workers who had to live for some time on their unemployment insurance cheques exceeded one million.

In my opinion, Mr. Chairman, the increase in the benefit rates comes at the right time and improves somewhat the condition of those people who, at some time or other, have but that source of income to live on. That is why I agree with that part of the bill and I shall support it.

However, I notice that under this bill, the minister thought of including in the scope of the legislation people who have almost no chance to become unemployed. For instance, I take the case of the professors. I have in hand a letter signed by the president of the Quebec Teachers Corporation, Mr. Laliberté, who precisely points out the fact that, as far as the teachers are concerned, at least in the province of Quebec, the probability of benefiting from that insurance is practically nil.

Therefore, Mr. Chairman, I think that—

[*English*]

Mr. Nicholson: I rise on a question of privilege, Mr. Chairman. I am sure the hon. member would want me to correct the impression

he seems to have. The proposed amendment to this act by reason of the raising of the ceiling to $7,800 does not include teachers, nurses or any of the other people in such categories. It only extends to people, who are already covered by the act. I feel that this fact should be made clear, because many people seem to be under some misunderstanding.

• (9:50 p.m.)

[*Translation*]

Mr. Laprise: Mr. Chairman, I thank the hon. minister for putting the record straight. I really thought that even the school teachers or any employee earning less than $6,500 had to contribute to the unemployment insurance fund.

I shall also point out to the hon. minister that, at the present time at least, most people who earn a salary of $6,000 or more, as a rule, have very little chance to become unemployed because precisely they hold steady jobs.

Take the case, for instance, of railway employees who are going to contribute for a whole year and will have very little chance to become unemployed. I think the hon. minister has taken precautions so that the fund does not run dry.

Now, Mr. Chairman, I should like to make a remark and, at the same time, put a question to the hon. minister. I hope that he will be able to give me detailed information, or to tell me what the situation is at the present time.

We know, at least with regard to the province of Quebec, that the employees of the departments of highways or of colonization, do not contribute to the unemployment insurance fund. I do not think the hon. minister, the federal government, or the Unemployment Insurance Commission are concerned in this connection; but the Quebec government is.

In any event, I should like to know whether there have been recent negotiations, or whether negotiations are in progress, as a result of which the province of Quebec agrees that the employees of the departments of highways or colonization, or any other civil servants, should contribute to the unemployment insurance fund, because the employees of the departments already mentioned work only six months per year for the government and must find other employment, in the bush or elsewhere for the rest of the time. As a result, there is always a slack period, either in the fall or in the spring where for a few weeks they are not entitled to unemployment insurance, because they are without work, and are therefore not covered.

I should, therefore, like to know from the hon. minister whether negotiations are under way between the two governments to help those people. I should like to know whether the Unemployment Insurance Commission or the hon. Minister of Labour (Mr. Nicholson), who is responsible for that commission, could initiate an agreement with the Quebec government to allow those people to benefit from unemployment insurance coverage. I hope the hon. minister can give me that information.

[*English*]

Mr. McCleave: Mr. Chairman, we in the official opposition hope that it will still be possible tonight to complete the committee study of the bill, and then give the measure a third reading. We do so for two reasons, the first of which is the uncertainty that descends upon our proceedings from time to time, and the second is our honest desire to clear the way for the political steeplechase that is going to take place in April. It is our hope that perhaps we can finish before the ides of March and let the would-be Caesars go forth to their respective fates.

Therefore, Mr. Chairman, I am going to throw away the speech I was going to make and ask the minister one simple question. Are serious studies now going on in his department, before a government committee, or in the unemployment insurance commission itself in relation to the recommendations of the Gill report? If so, when might we expect legislation to be placed before this parliament arising therefrom?

Mr. Nicholson: Mr. Chairman, if I might reply to the question just asked by the hon. member for Halifax, I can assure him and other hon. members of the committee that the studies are being continued. Some studies have been completed. There is general support, I think, for many of the recommendations made by the Gill committee. Not for all of them, however; some will need modification in light of the events that have transpired since that committee made its very important and comprehensive study. However, I can assure the hon. member that this work is still under way under a committee chaired by the new chairman of the commission. It is the confident expectation of the government that legislation in the form of an important,

comprehensive overhaul of the act will be introduced, certainly not at this session but we hope at the next session of parliament.

While I am on my feet I should like to answer a question asked by the hon. member for Chapleau regarding provincial civil servants. I understand that civil servants generally, whether employed by the province of Quebec or any other province in Canada, can be brought under the provisions of the act at the request of the provincial government concerned. The government of the province of Quebec understands this and it is up to that government to make a move if they wish such civil servants to be covered by unemployment insurance. There may be minor modifications in my statement to provincial employees, but I think I have given the accurate statement of the facts.

I think I have dealt with most of the other questions asked. When speaking on a question of privilege while the hon. member for Chapleau had the floor, I dealt with the question raised by the hon. member for Prince Edward-Lennox in connection with teachers and certain other professions. There is no intention of including under the act teachers, nurses, doctors or other professional classes that do not need the benefits of the unemployment insurance program at the present time. I cannot speak for future governments, but I know that the government of which I am a member has no such course in mind. I gave that assurance to the house several months ago, but it may be that some hon. members of the committee were not in the house on that particular day.

The hon. member for Prince Edward-Lennox also made reference to the brief of the Canadian Federation of Agriculture. The coverage extended to employees of the agricultural industry—and agriculture has now become an industry in this country—was extended at the request of the Canadian Federation of Agriculture. They were ably supported I might say by the hon. member for Humboldt-Melfort-Tisdale, who kept pressing for action over a period of months.

The federation has now asked for changes in the act or regulations and I can assure hon. members—and I have this from the commission itself—that at the request of the agricultural industry changes have already been made in the regulations governing agriculture. These new regulations have not been in force long enough, however, to make a final determination of the extent and nature of the coverage, but the problems that have arisen are under constant study. The commission assures me that it will listen sympathetically to reasonable suggestions for improvement which might come from the Canadian Federation of Agriculture or from any other interested body.

The hon. member for Timiskaming made certain suggestions and alleged that there were defects in the operation of the Unemployment Insurance Act. He also stressed that the guiding feature should not be that of economy. Perhaps he did not hear me when I said this afternoon that the commission stated, at least in their report to me, that while economies are important the efficient operation of the act is of paramount importance. They are trying to keep all these factors in mind as they apply the provisions of the act.

However, Mr. Chairman, although many of these suggestions are helpful and will be kept in mind when the over-all revision of the act takes place, I should remind hon. members that the scope of the bill under consideration is limited, and particularly that the time factor is very important. I can assure hon. members that it will be a minimum of three months, and perhaps a little more than that, after the act has been passed and has received royal assent before the forms can be printed and made available and before the act can be put into operation. Therefore early passage of the measure is necessary if we want to accomplish the results that all parties in the house seem anxious to bring about as quickly as possible.

Clause agreed to.

Clauses 2 to 7 inclusive agreed to.

Title agreed to.

Bill reported.

• (10:00 p.m.)

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

Some hon. Members: By leave, now.

Mr. Nicholson moved third reading of the bill.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. MacLean (Queens): Mr. Speaker, may I ask the house leader to confirm what business the government proposes to lay before the house tomorrow and on Monday.

Mr. MacEachen: Tomorrow we intend to call supplementary estimates, beginning with agriculture. When that is completed, we shall call the finance estimates.

Mr. MacLean (Queens): When does the house leader propose to take up the housing act bill?

Mr. MacEachen: I am not certain, Mr. Speaker. Our understanding was that we would deal with agriculture and then with finance; but I shall be happy to discuss with the house leaders when to call the housing act bill.

Mr. MacLean (Queens): I presume that when we reach the finance item we shall have a wide ranging debate on the subject, as agreed previously.

Mr. MacEachen: Yes, I think that is the understanding.

Mr. Knowles: To complete the record, was it not made clear that external affairs would follow finance?

Mr. MacEachen: Yes, that was the understanding.

Mr. Nasserden: May I ask the house leader whether the Minister of Trade and Commerce will announce the final payments for wheat, oats and barley in the discussion on the agriculture estimates?

Mr. Speaker: Order, please.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

THE CANADIAN ECONOMY—STEPS TO MEET INCREASE IN COST OF LIVING

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, almost two weeks ago I asked the Minister of Consumer and Corporate Affairs what his department intends to do in the face of the 4½ per cent rise in the cost of living which has taken place between January, 1967 and January, 1968. Recent events have prevented this question being dealt with. There is no doubt that the cost of living has kept rising as stealthily in the recent past as in the past two years. If it was necessary to do something about the cost of living a year and a half ago, it is even more necessary to do something now.

We hear about all the difficulties that people have in all the ridings of this country; yet I firmly believe that our people face no problem which worries them more than the problem of stealthily rising costs. The cost of living is going up all the time, and those who do the family budgeting notice most how it rises. I get many letters that are filled with despair, letters from people about food costs, about rent costs and clothing costs, and all those other matters which come within the purview of the household.

Household items have been getting more expensive. We have heard questions raised in this house about increased prices of gasoline and oil, and of basic steel. To none of these questions has the government given an answer; it has never told us what it intends to do. We cannot continue to shuffle these matters off. I asked the minister of consumer affairs some time ago when it was his intention, if indeed it was his intention, to call the committee on consumer prices into session again. It was our understanding when this committee made its report that it would most likely be sitting again, because there were many aspects of the economy into which we had made no inquiry and which were badly in need of examination, as they still are. The minister said it was not his intention in the foreseeable future to re-establish the committee, though he thought there might conceivably be some references to it.

This is not good enough. Late in the fall a Gallup poll was taken among the people of this country, and of all the things they felt should be dealt with in the field of consumer and corporate affairs, the cost of living was mentioned before all other matters by 45 per cent of those asked. And 45 per cent of the people, or more, would give the same answer today.

People are feeling the pinch, and I want to know what the minister and his department are prepared to do. We asked that this committee should be allowed to meet again and the reply was, in effect, no. We asked for a prices review board to be set up to look into cases where the prices of basic commodities and household essentials have been unjustifiably increased. Again the answer has been, no. The minister has indicated that he will deal

with all consumer problems except the most important one of price. When it comes to price, he says, no.

There is one point at which the minister's "no" has broken down, and as far as I am concerned this is the thin end of the wedge. He has been prepared to introduce legislation having to do with the Trade Marks Act and the Patent Act which, he says, will have the effect of lowering prices to the consumer. To quote his own words:

> The government now has a program which it calculates will bring about a reduction in the price of drugs to the consumer.

I am not saying the entire program resides in amendments to the patents and trade marks legislation. But if the government is prepared to go ahead with a program which it believes will bring down the price of drugs, then I maintain there is nothing to prevent this administration from taking action which it believes will bring down the price of basic household essentials and commodities such as gas, oil, steel and the rest. I have no means of knowing whether the government's policy with respect to drugs will work. But they cut the ground from beneath their own feet when they introduced this legislation to bring down drug prices. I want to ask the government when it is intended to bring in such a program to deal with prices in the other fields I have mentioned. The people are waiting anxiously for this to be done. In the meantime a great many of them are no longer able even to keep up the pretence of enjoying a modern standard of living.

• (10:10 p.m.)

[*Translation*]

Mr. Ovide Laflamme (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in the few minutes at my disposal, I should like to reply to the hon. member for Vancouver-Kingsway (Mrs. MacInnis) and tell her, first of all, that the government obviously does not have absolute jurisdiction in the field of price control.

[*English*]

With respect to prices it is well known that the federal jurisdiction is limited in this area. Since the federal government does not have authority to impose pervasive price controls, except in a national emergency such as war, legislation which establishes price levels is provincial legislation, and I think that the hon. member for Vancouver-Kingsway (Mrs. MacInnis) knows this pretty well. The only exception to this in the federal field is the rates set for certain public utilities, such as railway rates.

[Mrs. MacInnis (Vancouver-Kingsway).]

The movement of prices depends on a number of complicated factors. Some of the factors depend on world economic conditions; others relate to domestic fiscal, monetary and tariff policy. The conditions and economic expectations of the marketplace also come into play. As hon. members are aware, the department does not have responsibility for the major instruments of fiscal policy which influence the general level of prices. These matters have been dealt with on a number of occasions by the Minister of Finance (Mr. Sharp), and he has clearly shown that there is no simple solution.

Our department does have responsibility for legislation that indirectly influences the level of prices, and it is our intention as effectively as possible to use the means at our disposal. Among these means there is the Combines Investigation Act, which seeks to eliminate certain practices in restraint of trade in goods and some specific services. Under this legislation a formal inquiry into price increases is made if the price increases appear to be the result of some action which is itself an offence under that act, such as a conspiracy, an abuse of monopoly power, or an attempt to enforce resale price maintenance.

It is our intention moreover to seek to have the legislation amended to include services not presently covered by it. These amendments will have to wait until the Economic Council of Canada makes its report advising on the modernization of the Combines Investigation Act, which will make this act even more effective.

The Department of Consumer and Corporate Affairs can also examine and analyse selected areas of federal activities which can influence prices, and take remedial action. There is now before the house legislation to amend the Patent Act and the Trade Marks Act, which is intended to stimulate price competition among sellers of patented and trade marked drugs, through reducing protection against imports which is provided by the present legislation. When taking part in the debate the hon. member for Vancouver-Kingsway praised the government for bringing this important legislation before the house. This legislation is only one step in a program intended to lower the prices of drugs, while ensuring safe drugs and a viable domestic drug industry.

The new department is also undertaking investigation and research designed to assist consumers—

Mr. Speaker: Order, please. The hon. gentleman's time has expired.

CRIMINAL CODE—SUGGESTED AMENDMENT RESPECTING REPRESENTATION BY COUNSEL

Mr. David Orlikow (Winnipeg North): Mr. Speaker, on several occasions I have asked the Minister of Justice (Mr. Trudeau) whether he is considering including a section in the omnibus bill amending the Criminal Code which would spell out the right to counsel of any person involved in difficulties with the law. I am sorry that the minister is not present tonight because, knowing his long and active interest in the question of civil liberties before he became a member of this house, I would like to get an explanation from him for his rejection of the suggestion that such a provision be added to the proposed amendments to the Criminal Code.

There is no question, Mr. Speaker, but that there have been, and frequently are cases of people who have been and are treated much more roughly by the courts than they ought to be, simply because they have not been able to afford to be represented by counsel. Several weeks ago newspapers across Canada carried reports such as this one which appeared in the Toronto *Star* of February 10:

> The Supreme Court of Canada struck a blow for common sense and humanity this week when it ordered the release of John Hadden.
>
> John Hadden is the British Columbia man who was sentenced to what amounts to life imprisonment for the theft of a $1.25 can opener.

He was convicted as a habitual criminal. I am certain that he, like 95 per cent of others who are convicted of being habitual criminals, was not represented by a lawyer when so charged. Similarly there was a recent case in the Quebec courts of a man accused of murder, I believe, who testified that when he was picked up by the police, was being questioned and asked to be represented by counsel, he was refused this request. While he was being held by the police he was beaten into unconsciousness—so many times in fact that he confessed to the crime which he claims he did not commit. He may or may not have been telling the truth. The fact is, however, that he did not have counsel. I believe he should have had the right to have counsel.

I should like to remind hon. members of the Steven Truscott case. I wish to refer only to the fact that Steven Truscott, a 14 year old boy, was picked up by the police and questioned for five or six hours—this fact has not been disproved by anyone—without having a lawyer represent him. When his father came to the police station to be with him the police kept his father in an anteroom. I believe this is the type of action we should not tolerate in this country. Many Canadians believe that the United States is much less a democratic country than ours, but the United States supreme court has spelled out clearly and definitely the rights of people who are being questioned by the police to be represented by counsel. To summarize a few things the supreme court said, I shall quote from an editorial which appeared in the Toronto *Daily Star* of November 26, 1966:

> The rules laid down by the U.S. Supreme Court in a series of cases this year go much farther.

This has reference to the case to which I referred.

> The police must not only warn the prisoner that he is not obliged to make any statement; they must also tell him that he is entitled to counsel, and inform him of any legal aid arrangements by which he can obtain the services of a lawyer if he is unable to pay for one.
>
> The prisoner is entitled to have his lawyer present during any questioning.
>
> If the prisoner "indicates in any manner" that he does not wish to be interrogated, the police must stop questioning him.
>
> If a prisoner who does not have legal assistance makes a statement to the police, this cannot be used against him at his trial unless prosecution proves that he "knowingly and intelligently" waived his legal rights.

I cannot argue with the Minister of Justice when he says that the best way to guarantee to a person the right to counsel would be to entrench that right in the charter of human rights the minister has proposed. It is obvious that in the near future some provincial governments will not give the people of Canada this kind of protection.

It seems to me there is a very simple way in which many of the things which have happened in the few illustrations I have given could be avoided, if the minister would agree to a very simple addition to his omnibus bill to amend the Criminal Code. This bill has had wonderful support, partly deserved and I believe partly undeserved, from the public. He could simply add a clause, which would state that every person who has difficulty with the police or with the law has a right to be represented by counsel.

Proceedings on Adjournment Motion

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Industry): Mr. Speaker, there really seems to be little to add to the remarks the minister made in reply to the hon. member for Winnipeg North (Mr. Orlikow)—when the hon. member first posed this question on February 13. That answer by the minister can be found at page 6670 of *Hansard*.

• (10:20 p.m.)

Both the minister and I recognize the soundness of the argument which was accepted by the supreme court of the United States in the Escobedo case. The minister has illustrated his acceptance by the proposed Canadian charter for human rights which, not very many weeks ago, he proposed to be accepted by the provincial attorneys general and the heads of government of various provinces.

In regard to the answer given at that time I can add nothing more except perhaps to repeat what he said at that time, that the problem of individual liberty as it may be challenged by action in the courts is not confined to the Criminal Code, but extends throughout a much broader field. Some of the celebrated cases in the courts in recent years have not been under the Criminal Code, but under provincial jurisdiction, as in cases of mental incompetency applications. I am aware that the hon. member is aware of those cases. I find no lis or disagreement between myself and the hon. member on the desirability of this kind of change in the laws of our country.

The main question is how best to effect a change. I share the minister's viewpoint that ultimately and fundamentally this can best be affected by the kind of change in our basic law on human rights which he has proposed by the basic entrenched right to counsel before the courts.

INDUSTRY—POSSIBLE CHANGE IN CRITERIA RESPECTING DESIGNATED AREAS

Mr. Frank Howard (Skeena): Mr. Speaker, the criteria established by the Minister of Industry (Mr. Drury) in relation to areas which may become designated for assistance for the development and economic growth of primary industry are such that they may be helpful. Obviously they have been helpful in some areas because there are some 80 areas designated. However, this militates against certain other areas, because the program does not take into account in alternative criteria the factors of seasonality in certain industries.

[Mr. Orlikow.]

In British Columbia the logging and sawmill industries are primarily seasonal, as is the construction, fishing and other industries. They are affected by the seasons. Because of seasonality, people find themselves out of work on a regular basis. There is no seasonability factor taken into account in the criteria established for the designation of areas needing development.

It may very well be that the income derived by individuals employed in these seasonal occupations at times will be higher than the $4,250 set out as the floor under the area development criteria for designated areas. The fact is that the seasonality of this situation and the regular occurrence of unemployment tend to depress the economy of a whole area. For argument's sake let us consider the logging industry in British Columbia. In that industry there is a regular period of unemployment, and there are regular depressed periods during specific times throughout the years which should be taken into account.

I ask that this situation be looked at very carefully. I have no suggestion to make at this time about the words which might be used to spell out the matter of seasonability or seasonality of employment, but it is a fact that should be included in the criteria. If it is included, it will mean that those areas which now find themselves in an awkward position, unable to fit into the criteria, unable to receive the assistance provided by the area development program, will be able to receive such assistance and the level of economic activity and the well-being of the people, which is the prime concern of the program, will be improved.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Industry): Mr. Speaker, the question of seasonality is one that I think can justly be said to be of concern in the administration of the area development program, and has been so from the inception of the program. As the house may well be aware, there was originally in the criteria employed for the designation of areas to benefit under the area development program this factor of seasonality which, in the instance given by the hon. member, is a matter of such concern.

Curiously, or perhaps not curiously but naturally, because of the wide variety of economic activity in this country and the wide variety of occupations, early criteria founded on the basis of seasonality were the subject of very considerable debate and very considerable criticism. The critics maintained that the

criteria unduly favoured certain areas which did not really fall within the basic purpose of the program, which is to assist areas of chronic unemployment or underemployment of the labour force.

Hon. members may recall that the employment seasonality which was the subject of so much comment was in areas with industries of relatively high levels of employment and relatively high pay levels, such as the automobile industry and the farm machinery industry where areas were designated and which in fact, when applying broader judgment to the question, did not really seem to be areas of chronic underemployment or unemployment.

It was as a result of comments of this nature and a broader judgment of the program within this context that the seasonal factor was removed, and in the criteria to be used by the area development program it was decided to try to arrive at some kind of averaging throughout the entire year's employment to find out if, in fact, taking the year as a whole, there really was a chronic area of unemployment or underemployment of the labour force such as to require the special incentives that the program provides.

I regret that I cannot assure the hon. member that the change he proposes will automatically become a change of law. I can assure him that, as has been the case in each of the years the program has been in effect, the statistics employed for the purpose of establishing the designation of particular areas will be reviewed annually. I would remind the house that as a result of this annual review the criteria have been changed from time to time. I am confident that in the course of the review of the statistics which will take place in the coming year, once again the question of the problem of seasonality as related to chronic unemployment will be considered, and not any the less because of the representations made by the hon. member.

Motion agreed to and the house adjourned at 10.31 p.m.

HOUSE OF COMMONS

Friday, March 1, 1968

The house met at 11 a.m.

FINANCE, TRADE AND ECONOMIC AFFAIRS

NINTH REPORT OF STANDING COMMITTEE

Mr. H. E. Gray (Essex West): Mr. Speaker, I have the honour to present the ninth report of the standing committee on finance, trade and economic affairs prepared, as usual, in English and French.

[*Translation*]

In this report we return to the house the text of the resolution on customs tariff.

[*Editor's note: For report referred to above, see today's Votes and Proceedings.*]

[*English*]

LABOUR RELATIONS

INQUIRY INTO LABOUR UNREST IN ST. LAWRENCE PORTS

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I wish to table copies in English and French of the order which I, as Minister of Labour, have made appointing Hon. Arthur I. Smith of the Superior Court of Quebec as an industrial inquiry commission to inquire into conditions of labour unrest in the three St. Lawrence ports.

Mr. Speaker: Has the minister leave to table this document?

Some hon. Members: Agreed.

CONSUMER AND CORPORATE AFFAIRS

PROVISION FOR INDICATION OF LIFE EXPECTANCY OF PRODUCT

Mr. Barry Mather (New Westminster) moved for leave to introduce Bill No. C-203, to amend the Department of Consumer and Corporate Affairs Act.

Mr. Knowles: Explain.

Mr. Mather: The purpose of this bill is to amend the Department of Consumer and Corporate Affairs Act to provide, so far as parliament may do so, that manufacturers and marketers be required to indicate the life expectancy of their products. Many manufacturers now have a good idea how long a toaster or a light bulb will last, for example. If this bill is approved the consumer will also have that knowledge.

Motion agreed to and bill read the first time.

AGRICULTURE

PROTECTION OF DAIRY INDUSTRY AGAINST ARTIFICIAL PRODUCTS

On the orders of the day:

Mr. Lee Grills (Hastings South): Mr. Speaker, I intended directing my question to the Minister of Agriculture or his parliamentary assistant. In their absence I shall direct it to the Minister of Forestry and Rural Development. I am sure the minister is aware of the implications of the sale of artificial dairy products in Canada. Can he advise the house whether his department has any plan at this time to safeguard the interests of the Canadian dairy industry?

[*Translation*]

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, I think the Canadian Dairy Commission has already been notified of the problem and the Minister of Agriculture will be in a position to report on that matter later on next week.

[*English*]

FINANCE

INQUIRY AS TO CONSIDERATION OF CAPITAL GAINS TAX

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. In its search for revenues to make up for the loss under the late Bill C-193, is the government giving consideration to proposing a capital gains tax?

Hon. Mitchell Sharp (Minister of Finance): The government is looking at all sources of revenue. Of course a capital gains tax would not produce very much revenue immediately even if it were to be introduced.

Inquiries of the Ministry

[*Translation*]

INCOME TAX

EXEMPTION FOR WORKING MOTHERS TO COVER CHILD CARE

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I should like to put a question to the Minister of National Revenue.

Following a recommendation of the Carter report, will the minister agree to grant tax exemptions to working mothers for the care of their children?

Mr. Speaker: I think this question could easily be put on the order paper.

[*English*]

COMMONWEALTH RELATIONS

INQUIRY AS TO MEETING OF PRIME MINISTERS

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is for the Secretary of State for External Affairs. Considering the leading role Canada has played in Rhodesian affairs, particularly with regard to sanctions, is the hon. gentleman's department arranging a face to face consultation with Sir Alec Douglas-Home subsequent to his talks today with Prime Minister Harold Wilson?

Hon. Paul Martin (Secretary of State for External Affairs): I shall have to wait until a report of those talks is given to the Canadian government.

Mr. Johnston: A supplementary question. Could the Secretary of State for External Affairs indicate whether there will be an October commonwealth conference, and whether it will be held in Ottawa?

Mr. Martin (Essex East): I cannot add to what has already been said on this subject. No decision has been taken. The Canadian government is in consultation with other commonwealth governments, and when a decision on this matter has been reached the house will be advised.

HEALTH AND WELFARE

ACTION TO MEET SHORTAGE OF MEDICAL MANPOWER

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): My question is directed to the Minister of National Health and Welfare. Now that the government has apparently reached a definite decision on the future of medicare, will the hon. gentleman soon announce on motions or on another suitable occasion the government's plans to increase the number of trained medical personnel?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): The plans for that purpose have already been indicated to parliament.

AGRICULTURE

INCLUSION OF FUR FARMERS UNDER FARM CREDIT LEGISLATION

On the orders of the day:

Mr. P. V. Noble (Grey North): I should like to direct this question to the Minister of Finance. Has the government reached a decision with regard to including fur farmers under the Farm Credit Corporation? If not, when may a decision be expected in this regard?

Hon. Mitchell Sharp (Minister of Finance): I think the Farm Credit Corporation comes under the jurisdiction of my colleague the Minister of Agriculture.

Hon. J. J. Greene (Minister of Agriculture): Any amendments to the Farm Credit Corporation Act will be announced in the house in the normal fashion. At the present time no changes in the ambit of the act are contemplated.

FINANCE

INQUIRY AS TO FURTHER FISCAL PROPOSALS

On the orders of the day:

Hon. J. W. Monteith (Perth): I should like to address a question to the Secretary of State for External Affairs. The Minister of Trade and Commerce stated an hour ago that he favours dealing with fiscal measures before there is any adjournment of the house. May I ask whether this represents government policy?

Hon. Paul Martin (Secretary of State for External Affairs): I have not seen a text of what my colleague has said, but I am sure that whatever he did say would be fully consistent with government policy. When the hon. gentleman said the Minister of Trade and Commerce had made a statement he used the word "favours", and I thought he was going on to say he favoured a particular candidate. I still hope he does.

NATIONAL DEFENCE

SUMMERSIDE—REQUEST FOR DEFINITION OF STRATEGIC FUNCTION

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I would like to address a question to the Minister of National Defence. Has he received a resolution passed by the legislature of Prince Edward Island urging the federal government to define and establish a strategic military function for the Canadian forces base at Summerside, assuring its continuation at present or increased levels of usefulness and activity?

Mr. Speaker: Order, please. The hon. member knows it is not sufficient simply to ask whether a telegram or resolution has been received.

Mr. MacLean (Queens): Then may I rephrase my question and ask the minister if he would take this resolution under advisement in the hope that he might be able to give a reassuring statement to the house and to the people of Prince Edward Island in the near future.

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I think I can give that reassuring statement right now. On Monday I had the privilege of meeting with the premier and a delegation from the province who came to present a brief on the use of the Summerside base. I have declared, and I repeat, that the base is not going to be closed, that we are trying to maintain the highest possible level of military activity there, that we have received suggestions from the province which we are studying, and that we are going to meet in a couple of weeks' time to decide whether we can implement them.

INQUIRY AS TO REDUCTION IN STRENGTH OF ARMED FORCES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, my question is also directed to the Minister of National Defence. I would like to ask the minister if it was an information leak that Canadian armed forces personnel will be reduced to 90,000, or is this a policy decision being considered by his department and the government?

Hon. Léo Cadieux (Minister of National Defence): The way I understand it, Mr. Speaker, that is a speculative story. We have fixed the floor at 100,000 and I hope we can stay there. This is what I consider a minimum to meet the commitments that we have.

SHIPPING

MONTREAL—INQUIRY AS TO ACTION TO CONTROL PILFERAGE

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my question is addressed to the Minister of Transport. In view of the serious dangers to the port of Montreal this coming shipping season—I believe the minister knows what those risks are—would he take into consideration the recommendations of the last eight inquiries into this situation and bring about some action before the shipping season opens in earnest next month?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, some action has already been taken. As my hon. friend might expect, the National Harbours Board has already acted in one of the most critical areas relating to pilferage. They have hired some of the most competent people available in the business to establish a police system to bring this abuse under control. They have confidence that the plans they have embarked on can cope, hopefully quite adequately, with what has been a very serious problem. Although an additional inquiry is being made I am sure that wherever action is possible, based on previous inquiries, it will not be held up just because another inquiry is under way.

Mr. Hamilton: Mr. Speaker, I wish to direct a supplementary question to the Minister of Labour. Has the minister heard of any indications of an intention to hold lock-outs at the grain terminal plants in the port of Montreal this year?

Hon. J. R. Nicholson (Minister of Labour): I have heard some rumours but I have no definite information.

Mr. Grafftey: You will wait for the crisis to develop. This is government by crisis.

HARBOURS

INQUIRY AS TO REORGANIZATION OF ADMINISTRATION POLICIES

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I wish to direct a supplementary question to the Minister of Transport. In view of mounting criticism from many ports in Canada, including Montreal, is the government considering a major reorganization of finance and administration policies with respect to these ports, and if so when will it be implemented?

Inquiries of the Ministry

Hon. Paul Hellyer (Minister of Transport): This is a very major policy question, Mr. Speaker, but a study is being done to review the present operations of all ports, the different administrations which apply to them, and the relative success of the different forms of administration. Once this study has been done we will be in a better position to know what changes, if any, should be recommended so far as port administration is concerned.

Mr. Bell (Saint John-Albert): As a supplementary question, can the minister say whether the government has in mind a method by which there would be a greater degree of local autonomy given to the ports?

Mr. Hellyer: Inevitably, Mr. Speaker, this is one of the questions which will be raised and hopefully answered, or at least dealt with in the inquiry. It is one of the things we would have to know before considering any alternative form of administration, whether it should be the same across the country or whether we need to have different forms to meet local conditions in different parts of the country.

LABOUR RELATIONS

MANITOBA—THREATENED STRIKE AT FLIN FLON MINE

On the orders of the day:

Mr. G. E. Nixon (Algoma West): Mr. Speaker, my question is for the Minister of Labour. Is the minister in a position to report on the threatened strike of the employees of Hudson Bay Mining and Smelting Company of Flin Flon, Manitoba, which was set for today?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I thank the hon. member for having given me notice of his question. I might say that the strike deadline constituted a serious threat to the economy of Flin Flon. When I learned of it I dispatched a special mediator to the area about a week ago. I am happy to say I have just received a report that a tentative settlement was agreed upon yesterday and approved by a vote of the union members taken last night. It would seem that the threatened strike has been averted.

ADMINISTRATION OF JUSTICE

JOHN STEPHEN MARSHALL—REQUEST FOR REVIEW OF SENTENCE

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the minister of Indian affairs. Has he received any representations on behalf of John Stephen Marshall of the Eskasoni Indian reservation? I understand these representations were made by St. Francis Xavier University and the John Howard Society with regard to the charge of arson and subsequent severe sentence.

In view of the sad and regrettable circumstances surrounding the case would the minister please check with the Solicitor General and the Minister of Justice to see whether a reassessment could be made of this case?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am quite certain the hon. member would not wish me to comment on the quality of justice dispensed by Canadian courts. Recourse is available, and I understand an appeal is being organized on behalf of the man. Some of my officials think there are some extenuating circumstances, in that a new house was being constructed for the man and there was some evidence that he was in a hurry to get into it.

[*Later:*]

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to pose a supplementary question with regard to John Stephen Marshall. In view of the fact that the minister did not indicate in his reply that he will institute an inquiry, may I direct my question to the Solicitor General. Is he aware that this man has suffered long term unemployment, which is rampant in his region; that he suffered from alcoholism, which is rampant across Canada; that he could not speak English, only Mic-Mac; and was not represented by defence counsel? Could he, in view of these extenuating circumstances, cause an inquiry to be held?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I cannot add anything to the answer given by my colleague the Minister for Indian Affairs and Northern Development, but I will discuss the matter with him.

COAL

ROUTE TO BE FOLLOWED BY EXPORTS TO JAPAN

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, my question is directed to the Minister of Transport. I apologize for not having given him notice, but there is a good deal of

interest in the west with regard to the shipping of Fernie coal to the coast. Has the minister anything further to report to the house with regard to the shipment of this coal to Canadian Pacific ports?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, there is not very much I can add to what has been said already. Negotiations with the company are continuing, and I am still hopeful that the coal will be carried by Canadian carriers to the lower mainland port. I still believe this is essential so far as Canadian interests are concerned, and we are assuming that this will be the case.

[*Translation*]

INDUSTRY

QUEBEC—REQUEST FOR INCLUSION OF ABITIBI AS DESIGNATED AREA

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a question to the hon. Minister of Industry.

In view of the fact that some industries would readily settle in Abitibi, an area which has been neglected for many years, does the hon. minister intend to include that area in the list of designated areas?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the selection of designated areas is made after studying the unemployment statistics. There is no question of discretion or selection other than that based on the study of unemployment statistics.

Mr. Laprise: Mr. Speaker, I wish to ask a supplementary question. Is the minister aware of the fact that several hundred people in Abitibi, particularly in La Sarre area, are forced to go and find work in the neighbouring province of Ontario? Is he also aware of the fact that this latter region is considered to be a designated area and that the industries which are now thinking of locating at La Sarre would consider going to Ontario, if Abitibi is not recognized as a designated area?

Mr. Speaker: Order.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, has the minister received representations by the organized bodies of the northwestern Quebec area asking him to include the area in the list of designated areas?

Mr. Drury: Not personally, Mr. Speaker, but I shall inquire into it, in order to find out if representations have been made to the department.

[*English*]

AGRICULTURE

PROPOSED AMENDMENT OF DAIRY COMMISSION LEGISLATION

On the orders of the day:

Mr. John Loney (Bruce): Mr. Speaker, I should like to ask the Minister of Agriculture whether he is aware of the serious implications of Bill S-34, to amend the dairy commission act, which was introduced in the Senate by his party's agricultural critic.

Mr. Speaker: Order, please. The hon. member is asking for an expression of opinion, and I suggest the question is not in order.

CANADIAN CONSTITUTION

INQUIRY AS TO OPPORTUNITY FOR HOUSE DISCUSSION

On the orders of the day:

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, I should like to ask the Acting Prime Minister whether, in planning the work of this house for the remainder of this session, any consideration is being given to setting aside a day or two to discuss the constitutional questions the Prime Minister had in mind before the defeat of the government.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the first thing I should like to say to the hon. gentleman is that I am sure all of us in this house are very glad to see him in his seat today after a long interval of serious illness.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): The Prime Minister indicated, I think on Wednesday, that the government would have been happy to consider in this house last week the constitutional conference and its implications. However, there was not a general disposition on the part of hon. gentlemen opposite to accommodate the government in that regard. We regard this as a very important matter, and we will have to consider this further manifestation of interest in this vital problem that faces the Canadian people at this time.

Mr. Mandziuk: Mr. Speaker, would you request the Acting Prime Minister to give us several days advance notice of any plan to hold such a debate?

Mr. Martin (Essex East): Mr. Speaker, I am sure the house will be acquainted with the program which faces parliament in its ensuing days.

Inquiries of the Ministry

FISHERIES

INQUIRY AS TO ESTABLISHMENT OF FRESH WATER FISH MARKETING BOARD

On the orders of the day:

Mr. Eric Stefanson (Selkirk): Mr. Speaker, in view of the fact that the Minister of Trade and Commerce is reported to be leaving his present portfolio, can he give the house an up to date progress report in respect of the recommendations of the McIvor commission on fresh water fish marketing?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, we still have this under consideration, and we are in active consultation with the western provinces, particularly Manitoba. We are developing a program which will allow us to work together, federally and provincially, to evolve a plan which we hope will help the fresh water fishermen in the marketing of their fish.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I should like to ask the Minister of Trade and Commerce a supplementary question. We realize it takes two tries to stay in. How many tries is it going to take to get out?

TRADE

REPORTED HEAVY IMPORTS OF VEGETABLE OILS

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, several days ago I asked the Minister of Agriculture whether he would look into the problem in relation to the heavy importation of vegetable oils in direct competition with domestic oils which are now in oversupply. Is the minister prepared to answer that question now?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I do not have the answer at the present time. I understand the supplementary estimates are to be considered today, including those of the Department of Agriculture. During our consideration of those estimates I will undertake to answer the question, if that is satisfactory.

AGRICULTURE

MILK—REQUEST FOR INCREASED MINIMUM SUPPORT PRICE

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I also have a question for the Minister of Agriculture. What is

[Mr. Martin (Essex East).]

the government's reaction to the request by the Canadian Federation of Agriculture for a minimum support price of $5 per hundredweight for manufacturing milk, and will some action be taken immediately in this area in order to assist Canada's dairy industry?

Mr. Speaker: Order, please. I suggest the point made a moment ago by the Minister of Agriculture is valid. In a few minutes we are going to be considering the estimates of the Department of Agriculture, and this question might be asked at that time.

AIRPORTS

INQUIRY AS TO IMPROVED SECURITY MEASURES

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to ask the Minister of Transport whether he is taking urgent steps to improve security at large Canadian airports, in view of the robbery that is reported to have taken place at the Montreal airport last night.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, it will be necessary to get more information than I now have in order to know just what happened and what measures may be required. There is always a cut-off point in respect of security as between the cost of providing it and the benefits resulting. This is something under constant consideration by the Department of National Defence, the Department of Transport and other departments.

Mr. MacLean (Queens): A supplementary question, Mr. Speaker. Has the minister any reason to suspect that this robbery was carried out by a paramilitary organization?

Mr. Hellyer: Yes, I think it was.

Mr. Bell (Saint John-Albert): In green uniforms?

FISHERIES

INQUIRY AS TO ESTABLISHMENT OF GEOGRAPHICAL CO-ORDINATES

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Secretary of State for External Affairs. For some reason unknown to me he appears to be in a fairly amiable mood today. I would like to ask the minister whether in view of the possible pending change in his status he can tell the house that he is prepared to tidy up and

complete a very important piece of unfinished business while he still occupies his present portfolio, namely the establishment of the base line co-ordinates from which our fishing zones will be measured.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I wish the rules of the game permitted me to comment on what my hon. friend has said.

Mr. Nielsen: That has never stopped you before.

Mr. Martin (Essex East): Perhaps I can do that outside the chamber later. I would like to say that whatever be my status, the government will continue to make progress on that matter.

POWER

AVAILABILITY OF REPORT ON BAY OF FUNDY POTENTIAL

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the submission of the report and the findings of the special committee which studied the Bay of Fundy tidal power potential, can the minister advise the house when this report will be available to members generally and the public?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I had the report yesterday but I have not yet had time to read it. I plan to do so over the week end, and I will answer the question on Monday.

FLOODS

ONTARIO—REQUEST FOR FEDERAL ASSISTANCE

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, my question is for the Acting Prime Minister. Has the federal government received a request from the government of Ontario for assistance in providing relief to the people of southwestern Ontario who suffered severe flood damage in the early part of February? If so, what decision has been reached?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am not aware that any request has come from the government of the province of Ontario.

MANPOWER

RECOMMENDATIONS FOR AMENDMENTS PROPOSED BY EDUCATION ASSOCIATION

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, I had a question for the Minister of National Health and Welfare, who was floating around the chamber a few moments ago.

Some hon. Members: Explain.

Mr. MacDonald (Prince): He is another loose fish. In view of the fact that the minister is not present at the moment I will put a question to the Minister of Manpower and Immigration. On February 19 I raised this matter with the Minister of Trade and Commerce, who was Acting Prime Minister on that occasion. In view of other events on that particular day he may not have passed on the question to the Minister of Manpower and Immigration.

Has the minister received the report from the Canadian Association for Adult Education on manpower policy? Also, has the government had an opportunity to consider changes in the present manpower policy to make it more effective in terms of dealing with manpower needs in the various provinces?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, we received, read and analysed the report, which contains suggestions, some well-founded, others less.

When this department was created two years ago, there were about 150,000 workers in training. Last year there were 242,000, which is a great improvement. There are much fewer drop-outs than before.

Anyhow, some criticisms are valid and we will take the association's recommendations which we consider right.

[*English*]

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. In view of these criticisms, and other criticisms that have since been expressed by various provincial departments, will there be an opportunity in the near future for provincial representatives to meet with the federal government to discuss possible changes in the program?

[*Translation*]

Mr. Marchand: Mr. Speaker, we meet quite regularly with the provincial authorities, and

Inquiries of the Ministry

we talk these problems over. We will continue to do so, but no radical change in our policy is contemplated.

CANADIAN NATIONAL RAILWAYS

REQUEST FOR USE OF FRENCH IN REPORTS AND INSTRUCTIONS

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I wish to put a question to the hon. Minister of Transport.

In view of the fact that a number of C.N.R. employees, and in particular French-speaking station agents working in the province of Quebec, are required to make their reports and receive their instructions in a language other than their mother tongue, will steps be taken without delay to correct this situation along the lines of the Laurendeau-Dunton report?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I will take this question as notice and I shall answer it soon.

[*English*]

FINANCE

INQUIRY AS TO HOLDINGS IN EXCHANGE RESERVE FUND

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the Minister of Finance whether he is in a position this morning to disclose to the house the status of the exchange fund reserves as of the end of February.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I made a statement this morning disclosing the position of the exchange fund. With the permission of the house I would be happy to read it now. It is very short. I do not know whether this would be in order.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Sharp: I announced today that Canada's holdings of gold and United States dollars, which are made up of holdings of the exchange fund account, the Minister of Finance and the Bank of Canada, were $2,490 million in terms of U.S. dollars on February 29, 1968. The corresponding figure for January 31, 1968, was $2,175.3 million. I recalled my press release of February 26 in which I announced that Canada had taken steps to draw the equivalent of United States $426 million from the International Monetary Fund.

This drawing has now taken place and the full amount is included in Canada's official reserves. The drawing included a sum of U.S. $241 million which represented Canada's creditor position in the International Monetary Fund at the time of the drawing. On January 31 Canada's creditor position was U.S. $243.1 million. Perhaps I can interpret this for the benefit of the house by saying—

Mr. Bell (Carleton): What is the net loss?

Mr. Sharp: —that the change, after taking into account the transfer, was a reduction in our reserves of $113,400,000.

Mr. Nielsen: How much has the cost of living gone down?

Mr. Bell (Carleton): A supplementary question, Mr. Speaker. The minister says "after taking the transfer into consideration". Does he mean it is $113 million in addition to $426 million?

Mr. Sharp: No, Mr. Speaker; the other way around. What I meant was that after eliminating that transfer, if I had not made the transfer at all the change would have been a reduction of $113,400,000.

Mr. R. N. Thompson (Red Deer): A supplementary question, Mr. Speaker. I ask the Minister of Finance whether the $426 million which has been transferred or withdrawn from the International Monetary Fund represents the total amount in dollars that Canada has on deposit with the International Monetary Fund.

Mr. Sharp: As I explained at the time, we were transferring assets of our own representing our creditor position with the International Monetary Fund and the equivalent of our gold deposits into our accounts, so they would be visible and would indicate to those who might otherwise be speculating in the Canadian dollar that we had these assets available now and they would be used. We still have intact all our borrowing rights under the International Monetary Fund.

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I should like to ask the Minister of Finance whether these adjustments in our reserve account involved the actual transfer of gold from the United States to Canada or vice versa.

Mr. Sharp: Mr. Speaker, I speak without checking the facts precisely, but I do not think any of our reduction in reserves has been represented by a reduction in our gold stocks. I believe it has all been represented by a reduction in our holdings of United States dollars.

EXPO '67

METHOD OF DEALING WITH PROSPECTIVE DEFICIT

On the orders of the day:

Hon. E. D. Fulton (Kamloops): I have a related question, Mr. Speaker. I ask the Minister of Finance whether he has yet made any decision as to when action will be taken to deal with the entries and adjustments that will have to be made to take into account the Expo deficit.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I would expect that would be dealt with in the new session. As I explained to the hon. member for Northumberland, we do not have to raise money for that purpose; that money has already been raised. It is a matter of accounting. That will be taken into account in the next fiscal year.

SPORTS

CANADIAN PARTICIPATION IN FORTHCOMING OLYMPIC GAMES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Minister of National Health and Welfare, whose department makes the fitness and amateur sports grants. Has the government been consulted by the Canadian Olympic committee concerning Canada's participation in the Olympic games, and has the government a view to express on this subject?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the Department of National Health and Welfare has not been consulted with respect to the position taken by the Canadian representative on the international Olympic committee.

Mr. Howard Johnston (Okanagan-Revelstoke): I have a supplementary question, Mr. Speaker. I wonder if the minister could give us an assurance that Canada will follow the traditional Olympic pattern of keeping politics and the games separate.

TRADE

INQUIRY AS TO SIGNING OF INTERNATIONAL GRAINS AGREEMENT

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I have a question I should like to direct to the Minister of Trade and Commerce. In view of the widespread concern in the prairie provinces with respect to the coming into effect of the new world wheat agreement on July 1, can the minister give us now a progress report on the signing of this agreement by the various signatory governments so it will become effective on that date?

Hon. Robert Winters (Minister of Trade and Commerce): There has been widespread signing of the protocol with the intention of signing the agreement on July 1. We are in the process of working to ensure confirmation from a number of countries.

UNITED NATIONS

RHODESIA—EFFECTIVENESS OF SANCTIONS

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question on the Rhodesian question to the Acting Prime Minister. It is prompted by the observation of the former British prime minister regarding the failure of sanctions. Can the minister advise us whether the government has the intention, or retains the intention, to take an initiative in the Security Council with regard to this matter?

Hon. Paul Martin (Acting Prime Minister): Yes, Mr. Speaker, we have been taking an initiative in the Security Council, where we hope the report of the Secretary General will be discussed fairly soon. It will all depend on the conclusions reached with regard to the effectiveness of the sanctions. It would be wrong for anyone to say the sanctions have not been a success, and it would also be wrong to say they have succeeded to the extent that was anticipated. But undoubtedly they are being felt in Rhodesia.

BUSINESS OF THE HOUSE

PROPOSED SATURDAY SITTINGS FOR REMAINDER OF SESSION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare in his capacity as government house leader. In view

of the fact that the house lost a number of days in its business schedule due to the bungling of the government, would he accept the proposition that from now until the end of this session the house might sit on Saturdays?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): This would be agreeable to me, Mr. Speaker.

PUBLIC ACCOUNTS

INQUIRY AS TO ORGANIZATION MEETING OF COMMITTEE

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address my question to the Minister of National Health and Welfare in his capacity as house leader. Is it the intention of the government to call together the public accounts committee for an organization meeting and if so when does he intend to do this?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): The motion to refer the public accounts to the committee was approved some time ago, and I assumed that the former chairman of the committee would bring the members of that committee together. However, if there is anything the house leader should do in this matter I would be glad to do it.

Mr. Hales: I must suggest to the minister that at present the committee has no chairman, and it is the responsibility of the government to call an organization meeting of the committee.

Hon. E. D. Fulton (Kamloops): May I ask the minister whether he is not aware of the fact that the resolution referring the public accounts has not been carried but is still on the order paper? May I ask when it is intended to call the committee together for an organization meeting?

Mr. MacEachen: We can immediately call the organization meeting for the beginning of next week.

Mr. David MacDonald (Prince): I wonder if the minister as house leader could tell us when the important work of the committee on privileges and elections may begin in order that it can complete its work in time for the next election.

Mr. MacEachen: Before we depart from the matter of public accounts, may I say that I would be happy early next week to move the motion to refer the public accounts to the standing committee.

[*Later:*]

Mr. Hales: Mr. Speaker, if it is in order at this time I should like to rise on a matter of privilege. My point of privilege is a personal one, in that I think the government house leader implied that I should be responsible for calling the public accounts committee together for an organization meeting. I should like to make it perfectly clear that it is the responsibility of the government to call committees together for organization meetings, at which time the committees choose their chairmen.

The minister will recall that some three months ago he was asked by the house leader of the official opposition to call a meeting of this committee. Later the Leader of the Opposition asked the Prime Minister whether the government would call a meeting of the public accounts committee and he said he would look into the matter. A month ago I addressed a question to the minister on this matter and he too said he would look into it.

I wish it to be abundantly clear, Mr. Speaker, that it is not the responsibility of the former chairman of the committee to call an organization meeting.

[*Translation*]

INCOME TAX

INCLUSION OF GRATUITIES PAID TO RETIRED MINERS

On the orders of the day:

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker yesterday the hon. member for Cape Breton South (Mr. MacInnis) asked me a question which I would like to answer today.

Under the Income Tax Act, an individual must include, for income tax purposes, any amount received as superannuation or pension benefits.

In the case of an employer who has established a plan providing regular payments to retired employees, those payments represent superannuation or pension benefits, even if the employer is not compelled according to contractual clauses to make such payments.

[*English*]

Mr. Donald MacInnis (Cape Breton South): Approaching the matter from another point of view I should like to ask the Minister of

National Revenue the following question. In the event that retired miners in Cape Breton choose not to report the gratuities they receive, under what regulation can the government or anyone else consider them as pension payments?

[*Translation*]

Mr. Chrétien: Under the Income Tax Act, a taxpayer is required to declare the payments he receives during the year, and if he does not do it, we must act according to the law.

[*English*]

Mr. MacInnis (Cape Breton South): I have a further supplementary question, Mr. Speaker. I would ask the minister to review the circumstances under which these payments are made in respect to old age security. He will then find that there is an opportunity for anyone receiving the gratuity not to report it in his income declaration.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I wonder if the Acting Prime Minister can inform the house when the flag on the peace tower will be flown at half mast, in memory of one democratic process which died in this chamber last week.

Hon. Paul Martin (Secretary of State for External Affairs): My hon. friend should recall that the government received a very large vote of confidence.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I wish to address a question to the Solicitor General. I have three Irish sweepstake tickets on the Lincolnshire, and I have personally received a letter from the Queen who has been kind enough to send me a government warrant for £25.0.0. advising me that she has drawn my number in the British lottery bonds. If I am arrested for carrying these Irish sweepstake tickets, will the police take the warrant from the Queen for £25.0.0. which I now have in my left hand pocket?

Mr. Speaker: Order, please.

TRANSPORT

BRITISH COLUMBIA—INQUIRY AS TO HARBOUR DEVELOPMENTS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, as a member from Vancouver may I direct a most urgent question to the Minister of Transport. In view of the recent statement by Premier Bennett in the British Columbia legislature that only discussions, not negotiations, are going on relative to a new port development in the lower mainland area of British Columbia, will the minister kindly inform us as to the present situation, in view of the importance of this matter? May I remind him that on a recent visit to Vancouver he made a commitment on behalf of the government with regard to port development in that area.

Is the minister not answering my question?

• (11:50 a.m.)

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

DEPARTMENT OF AGRICULTURE

Research—

5c. Administration, operation and maintenance—to extend the purposes of vote 5 of the main estimates for 1967-68 to include a contribution of $10,000 to the town of Kapuskasing toward the construction of a road, $1.

The Chairman: Order. House again in committee of supply, supplementary estimates (C), 1967-68, of the Department of Agriculture. Shall vote 5c carry?

Mr. Danforth: Mr. Chairman, may I inquire whether the minister wishes to make a statement at this time?

Mr. Greene: Mr. Chairman, since we are discussing supplementary estimates rather than main estimates, at the end of our deliberations I will attempt to answer any questions hon. members may have, if this meets with the approval of the committee.

Mr. Danforth: Mr. Chairman, for weeks the members of this party, many of whom either are now or in previous years have been actively engaged in the industry of agriculture in order to make a living, have been waiting impatiently for these supplementary estimates of the Department of Agriculture to be brought into this parliament. It is my personal opinion that no pestilence, plant disease, drought, flood or any other act of God has done more collective damage to agriculture on a national basis than this Liberal government. This statement would normally be considered one of partisan politics, but by documentation I shall show that unfortunately for this industry it is simply a statement of fact.

This government and its spokesmen both inside and outside parliament have constantly assured Canadian farmers that all was well; that the gross national product of farms was rising; that efficiency of production was still increasing; that prices of farm products under their administration were constantly rising; in short, Mr. Chairman, that farmers had never had it so good. I know from experience that they can no doubt produce the necessary figures to support this fairy tale, but I should like in the next few moments to indicate to this committee the almost hopeless economic quagmire that the action or lack of action of these hon. members opposite has created for the farmers of Canada who are trying to earn a living.

It is my intention, Mr. Chairman, to deal with the subject in broad and general terms only, for I shall be followed by colleagues in my party who shall be most specific and detailed; and, commodity by commodity, we hope to place before the members of this house the grim realities of the economic chaos facing nearly every agricultural endeavour in Canada today. The government says the farmers have never had it so good. I wonder whether the government is absolutely blind to conditions as they exist in this country today. Never had it so good, Mr. Chairman? Within the last 12 months we have had the largest protest march in the history of Canada right here on parliament hill by thousands of angry farmers protesting the policy or lack of policy of this government.

Never had it so good, Mr. Chairman? We have witnessed tractor demonstrations, protest meetings, farmers on picket lines, threats of food boycotts, violence, petitions to governments, closing of cheese factories, food canneries, food processing plants, a sugar refinery and creameries on a scale never dreamed possible in this country. We have seen segments of the industry, such as early fruits and vegetables, wool production and the greenhouse industry driven to such low economic levels that in large areas of Canada they are being abandoned entirely.

Never had it so good, Mr. Chairman? Let me give you a few examples of headlines that have appeared in farm papers, market reports and newspapers across the country. These are a few gathered at random. The first one appeared in the Blenheim *News Tribune* for February 15: "Winter wheat export worst in ten years". That does not refer to western wheat, Mr. Chairman, but to the soft winter wheat produced in eastern Canada.

[Mr. Danforth.]

Another headline in the same publication reads "Artificial products threat to dairy industry". This headline is from the Kent *Farmer* for November 20: "Farm subsidies not the answer". Another one reads "Soya bean growers ask investigation". From the *Western Producer,* February 22, 1967, under the heading "Promoting and protecting wheat sales" there is the comment "Canadian wheat export sales drastically reduced". Another headline in the same publication reads "Export drop hits soya bean industry". Then from the Windsor *Star* for February 10: "Quota fight threatens dairy farmers". Another headline reads "Times are real rough down on the farm". Then this headline appeared in the *Farm and Country,* published in Toronto, January 23: "Death threatens Ontario greenhouse industry". Another headline from the same publication for February 27 reads "Ontario Federation of Agriculture suggests plant seizure". This was a reference to the unfortunate closure of the sugar refinery at Chatham, bringing with it hardship to all the local sugar beet growers. Then from *The Grower* for October, 1967: "Brief asks for action on Australian imports". Again *The Grower* for February, 1968: "Does the strawberry industry have a future in Ontario?". That publication also carried this headline: "Kingsville plant closed". This had reference to the food processing plant of Canadian Canners Limited, which for years had canned peaches, potatoes and tomatoes.

You can hardly pick up a trade paper today, Mr. Chairman, without being faced with similar headlines, such as "Grade A price of eggs to producer sags to 20¢". The same type of headline is found with regard to nearly every section of agriculture. One headline reads, "Grade A Price Of Eggs To Producer Sags To 20¢ Per Day". Another reads, "Hog Prices Continue To Decline". Still another reads, "Beef Prices Down ½¢ Pound". And so it goes on.

• (12 noon)

Never had it so good? Economic forecasts for agriculture predict that gross income for farmers in 1968 will equal that of 1967 but rising costs will cut millions from net returns in 1968.

Never had it so good? The farmers of this nation are $800 million deeper in debt today than they were just ten years ago.

Never had it so good? Ernie Bezaire, a veteran farm reporter for the Windsor *Star*, on Saturday, February 10 put it this way:

> Farmers in southwestern Ontario would have to go back to the bitter 30's to find more troublesome times than they are now experiencing in agriculture.

In all fairness it must be said that world conditions and trade patterns directly affect our own industry. Other governments, however, immediately put into effect countermeasures to protect their own agricultural industries. But our government procrastinates, waffles, blunders and finally dashes into ill conceived action which has brought us almost to the point of economic annihilation.

The government may have meant well in its agricultural policy but may I, by citing some prime examples, show clearly that the government was either ill informed, ill advised, or just did not care. I shall deal first with administration. The government contended that in this modern day and age efficiency and decision were only possible by centralized departments and a chain of command. Hence it staked its political life on this policy and amalgamated the armed forces into a unified service. What about agriculture? In personnel the department is almost as big as the armed services. In this time of crisis in the agricultural industry the government went counter to its policy. It split responsibility for agriculture among the Minister of Agriculture, the Minister of Forestry and Rural Development, the Minister of Trade and Commerce, the Minister of Manpower and Immigration and the Minister of Consumer and Corporate Affairs.

What has been the result of this action? The result is that we have the greatest possible confusion in this sector.

Second, the Minister of Agriculture races pell-mell on a course of action deliberately designed, as he has announced time and again, to move the small farmers of Canada—I believe he estimates them to be about 30 per cent of all farmers—off the land in order to make farms into sound, viable economic units and to create stability in agriculture. This is a popular argument but this policy collapses immediately when government action or inaction removes the profitable market for these so-called economic units. That is what happened when it allowed the deluge of imported canned fruits, meats, turkeys and, yes, eggs. Now we have the bankruptcy of the largest of these so-called stabilized farm units and have witnessed the recent bankruptcies of three large greenhouse firms in a single week. The government should learn. In the United States over 50,000 of these large economic units have collapsed in the last few years.

Third, the governmen says, "Move the farmers off the farms and retrain them." But what does the government do? It starts this program and then cuts off grants to build and finance technical schools where such training should take place. Consequently farm families are left to migrate to the nearest urban centre and to compete as unskilled labour for second class jobs.

Fourth, the government has constantly encouraged commodity groups in agriculture to police their own industries. They are told, "Cut down production; tailor your production to meet the domestic market." That sounds good and reads well. Farmers have complied faithfully only to find that the limited domestic market has been swamped with cheap imports when they have been ready to supply it.

Fifth, by advocating efficiency of production and larger economic units and by making credit easy the government has encouraged Canadian farmers to borrow millions of dollars to enlarge their businesses and improve their efficiency. Now the government has the effrontery to say that under the Kennedy tariff round some farmers will have to go, that there may be a temporary period when they will have to be phased out and go into some other agricultural endeavour. Any government that thinks like this knows absolutely nothing about modern agriculture.

Some hon. Members: Hear, hear.

Mr. Danforth: The capital investment required and the vast technical knowledge and special equipment needed in farming make it virtually impossible these days for farmers to change their fields of endeavour. If they did, in most instances the result would be economic ruin. Some farmers who financed their farms knew that it would take at least a generation to pay off the debt. That was done deliberately. Therefore, to speak of phasing out now is absolute nonsense.

Sixth, I wish to speak of long-range plans. To create economic units, as the government has suggested should be done, requires a tremendous amount of capital, absolute business management and indispensable long-range planning. By its bungling the government has caused tremendous damage. Its long-range policies do well to last the test of one year.

As prime examples of my contention I cite the three different dairy policies we have had in three years and the government's on again, off again, turkey import quotas.

Seventh, the confusion in the dairy industry would be comic if it were not so tragic. Dairy farmers in Ontario today are placed in an untenable position. Federal policy is explicitly directed toward shutting down small producers and forcing large units to produce greater volumes more efficiently. At the same time a provincial policy places limited quotas on producers, thus making expansion into larger production units almost impossible. Who says farmers never had it so good? Through the Department of Agriculture the government spends the taxpayers' money to expand tobacco production; through the Department of National Health and Welfare it spends the taxpayers' money to curtail the domestic consumption of tobacco.

Never had it so good? Our young people and our old people are leaving the land by the thousands. Our best cattle are being dispersed all over the world. Our best farm land is being covered with concrete and buildings. Our domestic markets are fast shrinking under the constant pressure of cheap imports. Canadian agriculture, once great and world admired, has been reduced to a state of clawing frantically for survival.

The government constantly whines when it is confronted with these facts. It asks, "What did you do when you were in power? Where were your policies?" When we were in office our policy was designed to keep farmers on the farms if they wanted to stay.

Some hon. Members: Hear, hear.

Mr. Danforth: We deliberately encouraged young people to choose farming as a way of life. Certainly we made mistakes, but much of our policy remains as a background to this government's policies. And our policy was tailored to meet the challenges of 1956, not of 1968.

As to our policy now, our leader will take part in this debate and he will put our ideas before the house. I must emphasize, however, that we believe there are three categories of farmers today and that all are absolutely essential to Canada. We have the part-time farmer, the family farmer and the corporate farmer, and no blanket policy can possibly meet all their needs.

Never had it so good? God help the Canadian farmer in this hour of his agony.

[Mr. Danforth.]

• (12:10 p.m.)

Mr. Peters: I am pleased to see the hon. member for Kootenay East assisting the Minister of Agriculture today. This may be evidence of new thought within the government, particularly since Cominco has been interested in agriculture for some time—I am thinking of the fertilizer industry—and I am sure that in the days ahead the minister may have some use for the advice which Cominco can provide.

This is not the occasion for a major debate on agriculture and we do not intend to treat it as such. But these supplementary estimates, the tag ends of the main estimates, do ask for a further $33 million for the Department of Agriculture. As I see it, the major problems facing the industry are those which have been mentioned by the hon. member for Kent (Ont.), and some of them arise out of government legislation whose implications have still to be faced.

For a long time there has been a general desire that agriculture should become more efficient. Farmers have agreed with this concept and have improved their operations with the result that there is far greater efficiency today in the dairy industry, for example, than there was in the past. This is true with regard to many other crops and farming activities. Yet we are still troubled by the difficulties facing farmers who live on marginal land, cultivating it as agricultural holdings when it should probably be used for some other purpose under the ARDA program. This program was supported by most members of parliament; yet great anomalies are arising from its operation. Dairy farmers have encountered many difficulties. A market for milk at $5 f.o.b. factory has resulted in an improvement in the incomes of farmers engaged in milk production, but the government's action a year ago in discontinuing payments on secondary milk has had an adverse effect on many producers whose net incomes have been sharply reduced. The government will have to do something about this situation.

It is true that production of milk should, if it is to be economic, bear a close relation to consumption. But if in the past the price support system we used resulted in a surplus, the type of program now being followed is likely to result in a limited number of farmers receiving a much larger share of revenue from production. Using large blocks of land and capital they will be operating on a scale much bigger than any which normal farmers could expect to reach. Eventually this may

give rise to a situation in which Canadian consumers find themselves paying a great deal more for milk products because of their relative scarcity. This prospect has to be taken into consideration by the government when it is considering other aspects of policy with regard to the dairy industry.

Farmers will disagree, but it is my opinion that when a shortage of butter developed during the war the farm organizations should have asked the federal government to go into the production of margarine. Had this been done the farmers would have been able to control the relationship between margarine and butter. But they did not. In the event, the public outcry was so great that production and sale of margarine were allowed by law and since that time the product has been in direct competition with butter.

The market for margarine is a lucrative one. Those responsible for its production and marketing have been able to regulate the selling price with an eye to butter prices and have been able to parley the relatively small cost of production to a point where the return to the industry is a highly profitable one. In some cases, shrewd advertising has enabled the prices of oil substitutes to be raised until they are at a premium.

New products are being developed in agriculture, and their appearance should cause concern both to the department and to the farm organizations. It is surprising the number of things that can be done with our natural products. I am sure those who normally eat butter would find it difficult to be altogether certain today whether they were eating fresh butter or a substitute. Similarly, where there is a choice between fluid milk or reconstituted milk, or what is called multimilk, a condensed product, users would find it difficult to be sure which had been reconstituted and which had come from the farm in fluid form.

• (12:20 p.m.)

I understand that milk can now be produced from an artificial cow, a machine into which no milk product goes. We have all heard of the ship called *Hope* which went to a number of countries to provide medical services and we probably recall the millions of quarts of milk which were produced on that ship for the children of those countries. We know that this milk was reconstituted by using skim milk and other additives and that it was a very palatable product. Since that time we have become much more sophisticated in developing substitutes for milk. Now we have filled milk which is a milk product with the addition of vegetable or animal oils. There is another substitute product made entirely by machinery and experiments have shown it to be no different in taste from milk. The Department of Agriculture should be concerned about these developments. It should take steps in conjunction with farm organizations not to stop these developments but to discover how they can be integrated with the present agricultural program. These developments will continue whether we like them or not. What we are interested in is that they cause the least dislocation possible.

When the minister is preparing his estimates for next year he should provide funds for legislation to make it easier for young people to establish themselves on economic agricultural units. A few years ago a young person had to find $25,000 to start farming. Now the amount required is probably double.

At the opening of the Saskatchewan dam, as I am interested in irrigation I was concerned to see the type of farmers who attended the ceremony. I think most of them present would have holes in their heads if they were to become interested in irrigation. They were the original pioneer farmers, ranging in age from 50 to 70, and at that age it is unthinkable that they would buy the necessary equipment to instal irrigation facilities. The generation following them will have to do that, but a great deal of capital will be required.

If young people are to be encouraged to enter farming the government will have to make some changes in succession duties on land. The one thing which has risen even faster than the cost of living is the price of land. It is safe to say that if a man bought a mountain top ten years ago he could get twice as much today as he paid for it, no matter whether it has a useful purpose or not.

The rise in the price of land has been caused to some extent by farms on the outskirts of cities being bought for subdivisions. They are bought for prices ranging from $400,000 to $500,000 and the result is that other farmers believe their farms have an equivalent value. This may be all very well if they can sell their land but if they die before doing so the valuation made of their property is so great that estate duties demand that their families liquidate their holdings. Often the money left over after paying succession duties is insufficient to establish a surviving son in farming.

We shall have to give consideration to the point that was made by the hon. member for Kent (Ont.). We shall have to encourage youth to go into agriculture, but we cannot do this simply by providing money. If a young farmer came to me and asked what I thought of his chances of getting a loan of $20,000 or $25,000 to start farming from scratch, without a quota, I would think he was crazy. On the other hand, in many cases people who inherit farms may not be as efficient or as dedicated farmers as young people who choose farming voluntarily as their occupation.

I think that even E. P. Taylor might find difficulty in getting a return on his investment if he were to back a number of people going into farming, particularly dairy farming. If a return on such investment cannot be made then obviously it is not a good industry. Often the argument is made that the responsibility for encouraging people to enter farming is a split jurisdiction between the federal government and the provincial governments. I am always concerned when I hear the Minister of Agriculture say that something is the responsibility of his colleagues in the provincial legislatures and then hear the provincial ministers of agriculture say it is the responsibility of the federal minister.

Some arrangement should be made to provide co-operation between the provincial governments and the federal government in the matter of rural education. The tax on land for rural education in many cases is much heavier than the income of the rural population can afford.

My last point concerns the bookkeeping duties of farmers. I do not think the older farmers bother too much about these duties but the young farmer must keep books concerning compensation, income tax records, R.O.P. records, breeding records, artificial insemination records, unemployment insurance records, records for this and records for that. My brother tells me that 25 per cent of his day is spent on bookkeeping, and he is operating a reasonably small farm.

If a farmer makes a mistake in his income tax he must spend two or three days with the income tax people. If he makes a mistake in his workmen's compensation payments somebody from the compensation branch visits him. Now unemployment insurance payments will necessitate keeping a full wage and payroll list.

• (12:30 p.m.)

I have often been shocked to hear old-time farmers say that their bookkeeping system

[Mr. Peters.]

was good enough for them 20 years ago and it will have to be good enough for them now. Then they are surprised when they find themselves in difficulty with one of these agencies. It seems to me that additional assistance should be provided by the various branches of government involved in this matter so that the necessary records in respect of compensation could be fitted in with the necessary records in respect of performance, breeding, artificial insemination and so on. If the other records could be fitted into what the department is already doing in the field of the extension of records, it seems to me that some assistance would be provided to the young people who go into farming. I realize that this is probably not a problem which can be worked out to meet satisfactorily all the changing conditions.

I am sure it would be an advantage to the young person entering the agricultural field to know what the difficulties are which are involved in the keeping of books in relation to his production, the deductions he may make and the records that are provided for him. It seems to me that this type of extension work would be of value to him in judging his success in the farming operation. The minister may be able to tell us whether or not there has been success in this field. I have not had an opportunity to speak to anyone who has had any experience with loans through the Farm Credit Corporation and therefore I do not know what supervision has been applied or what the advantages are.

If we are to have fewer and fewer farmers it seems to me it will be more and more important that the farmers who do remain on the farm form more viable units which will be readily adaptable to change from one type of farming to another as the necessity arises. I am sure that those who are interested in agriculture have been watching with interest the situation involving those farmers who have shifted to the production of beef on the speculation that the price of beef would rise. I have read reports indicating that the price of beef has not gone up as had been expected. Apparently this is related to outside controls in this field. I am sure everyone engaged in agriculture is interested in why turkey prices have not gone up, and so on. It seems to me that this type of information would be of great help to the young people who are on their way to being successful farmers.

I believe that in ten years there will be a need for greater farm production. The most important aspect in this regard will be the need for marketing legislalion which will

allow us to enter world markets not only in respect of wheat, butter and cheese but in respect of a number of other agricultural products. With the technology available to farmers today and the assistance we hope can be provided to them I am sure we will have a viable agricultural economy which will be able to hold its own and meet competition in world markets. This can be done only if the agricultural department moves forward quickly to meet the challenge facing the new generation which is entering the farming field today under totally new conditions.

[*Translation*]

Mr. Gauthier: Mr. Chairman, I have a few words to say about those supplementary estimates since they are related to a matter which is quite important in my area, namely agriculture.

I would have liked the minister to give us an outline of his future agricultural policy, because it is always interesting for a member of this house and for the farmers of an area to know a few months in advance what can be expected from the authorities.

I know that the duty of the federal Minister of Agriculture is, in the first place, to inquire about every possible production throughout Canada and to provide markets. In order to reach that objective effectively, the department must discover new markets, and then protect and encourage them.

As concerns finding international markets which are of interest to Canada in general, I think that the Minister of Agriculture (Mr. Greene) should get assistance from the Minister of Trade and Commerce (Mr. Winters) whose duty it is precisely to contact and visit other countries in order to assess trade possibilities.

I understand that the minister's duties are not very easy at this time. I have been a member of the committee on agriculture, forestry and rural development for six years and I had the opportunity to go and see for myself agricultural developments in other provinces. In fact, it is only since then that I really understand the minister's duties and all the difficluties he could come up against to guarantee markets to farmers because, in the final analysis, that is where success lies for the farmer. If we want production to be stable and profitable enough so that farmers can make a living, it is imperative to have a market that can absorb not only a part of production but the whole production. That is why I said earlier that the minister should insist on greater assistance from the Minister of Trade and Commerce in his exacting work of finding markets.

I also said that the government had to protect those international markets. Well and good to enter into agreements; but they must be beneficial to Canada and to Canadian producers. As a matter of fact, I had the opportunity yesterday, when our party met with the representatives of the Canadian Federation of Agriculture, to refer to the dairy industry and the egg market. But should only those two questions be dealt with?

We are told that United States sales of dairy products have reached about the same level as ours. In my opinion, in looking into the dairy problem, the minister should be able, with the help of all his technicians, to further promote the development of that industry, since it is a major one, especially in the eastern provinces and in Ontario. We claim that an agreement which allows the United States to sell 50 per cent of the products in a given industry is not really advantageous for the Canadian farmers.

For instance, with regard to the production of eggs, we are allowed a proportion of 65 per cent. I feel that if the federal government could guarantee the markets, the province of Quebec and the eastern provinces could produce far more than they do now under the present agreements.

Mr. Chairman, I am mentioning those examples only to give you an idea of the advantages certain agreements could bring. We are told that they are meant to protect international markets, the market between the United States and Canada. I understand that, but on studying those agreements, one realizes that they are always a bit more favourable to the United States and less so for the small countries or Canada. Therefore, I am calling the hon. minister's attention to this matter.

Now, I shall speak more specifically of the province of Quebec, because I am, of course, more interested in that province than the others, although all of them interest me. We have, in the province of Quebec, a highly diversified agricultural production. We are not placed in the same situation as the western provinces which are mainly concerned with grain production and beef.

• (12:40 p.m.)

The agricultural production of Quebec and the eastern provinces is much more diversified. Although the main industry is the dairy industry and its products, potatoes, vegetables, maple syrup and various other

commodities are also produced in those provinces. In my opinion, it is mainly at the level of those commodities that the hon. Minister of Trade and Commerce (Mr. Winters) does not give enough attention to the market opportunities.

In view of the diversity of that production, I think that the hon. Minister of Agriculture is mainly concerned with the dairy industry. I am not blaming him for that, because I think that he noticed that the dairy industry prevailed in eastern Canada and he has concentrated his efforts to make it more economic. In my opinion, the problem faced by the dairy industry is that the production in the eastern areas and Quebec is so diversified and dissimilar that it is extremely difficult to come to an agreement when we talk about assistance to the dairy producers.

We had some experiences during the last few years—and we shall have some more—during discussions intended to promote the dairy industry when a price of $4.50 or $4.75 a hundredweight was suggested for manufacturing milk, while producers asked for $5 or more.

I think that the hon. Minister of Agriculture would be well advised to ask his experts to undertake a regional study, because as long as we talk about assistance to the eastern part of the country or even, on some occasions, at the provincial level, we shall notice that the established price which is appropriate to an area—namely the eastern townships or Montreal, for instance—will not be satisfactory in the Lake St. John area, in Chicoutimi or in the Abitibi area. In my opinion, these should be studied specifically.

I realize that this is another difficulty which confronts the hon. Minister of Agriculture but we are unable, in the field of dairy production, to consider an agreement which would suit Canada as a whole. In fact, we are not even able to consider an agreement which would be suitable only for the province of Quebec.

I think that, in coming days, we will have to try and find some formula that will satisfy the farmers in each area.

I think there will be much more justice in that, for having made a personal investigation, I find that production costs in our area, for instance, are 60 or 65 cents higher than in the Montreal area.

That is the difference to which I wish to draw the minister's attention, in order that justice may be done not only throughout

[Mr. Gauthier.]

Canada, but first and foremost in each of the specific areas of the country.

Mr. Chairman, as I said a moment ago, we had the good fortune of meeting with the representatives of the Canadian Federation of Agriculture, who presented us with a most interesting report.

We would invite the Minister of Agriculture—besides, he must have met the very able federation advisers—to receive the advice of these experts, for I think that these men, who are chosen by the people each in his own area, that is to say by the C.F.U. members and those of other agricultural organizations, are much closer to the farmers and can act more decisively, precisely because they live in their midst. I would not say that they are more competent than the federal experts, but I think it would be advantageous for the latter to meet regularly with these people who have been delegated by various groups in each area to come to Ottawa and offer suggestions.

I will not believe either that those groups go out of their way merely to come and visit Ottawa. I am convinced that the hon. Minister of Agriculture takes their brief seriously, but I feel he could encourage his personnel to follow their advice more closely, especially where they say, speaking of the dairy industry, and I quote:

> Canada should support the proposals the international dairy committee of the International Federation of Agricultural Producers submitted to GATT, which won solid support, for the creation of an international council of dairy products of which producers as well as governments would be members.

Mr. Chairman, I shall not dwell on that brief, but I should like to point out the quotas. I think that, in our region today, the greatest concern is centred on this question of quotas. As you know, work has been done in this connection in the past few years, but we in the Lake St. John region are going through a period of transition: from spare-time farmers, so to speak, we are becoming real farmers, for agriculture in our region was formerly a rather marginal occupation, because of the proximity of lumber enterprises. We were a large family of farmers, 50 per cent of whom worked the land while 50 per cent worked in the forest.

One day, we woke up to find that only 18 per cent of our manpower was needed in the forest. Therefore, 90 per cent of the sons of farmers must come back to their farms.

I think that transition is very difficult to make in our areas. I should like the hon. Minister of Agriculture to be aware of that state of affairs, when he deals with our people, because when the herd is not big enough, the quantity of milk is not sufficient, and so on.

Mr. Chairman, I ask the hon. Minister of Agriculture to take the necessary steps to increase all those small herds which tend to grow.

• (12:50 p.m.)

If the herds are to become economic, they must grow and multiply. These farmers must also be given the opportunity not to sell their herds but to increase them. I say this because, unfortunately, that was the advice given to farmers by some investigators. I have never met these investigators, or you may be sure I would have had a few words to say to them. Their advice to the farmer is: Your herd is too small; sell it and move to town.

I know that this is not the minister's idea, since he wants the small farmers to become more productive and even to produce at full capacity, which would allow them to live on their farm. I think we will have to proceed by stages, and not make a complete change in one year and then say: Those who produce less than 12,000 to 20,000 pounds of milk will no longer receive help. On the contrary, I feel that it is with farmers who produce 12,000, 20,000 and 40,000 pounds that we will eventually succeed in having farmers who produce 150,000, 200,000 and 300,000 pounds. I know a great many who are willing to go ahead, but they need a little help from the government.

I should like to deal briefly with the mechanization aspect, one of the greatest problems in my area. Too much mechanization is required to make the land more productive and the herd more profitable. There again, I feel the government should make an effort and take the advice of organizations so as to try and reduce the price of farm machinery. I have sold farm machinery myself for ten years, and I am astonished at the fantastically increased prices. This is ridiculous.

In my opinion, the Minister of Agriculture and the Minister of Trade and Commerce would be in the best position to inquire into that, so that farmers can get the machinery, not free of charge, but at a reasonable price, because that is now strictly necessary.

It is often said that farmers are extravagant in some ways, that they are completely mechanized and that they invest all their money in machinery. What else can they do? We are no longer living in the horse and buggy age. We are in the age of mechanization. Formerly, a horse and carriage were a necessity for the farmers. Today, they need a motor car to go to town and do their shopping.

It is imperative that we help the farmer to adapt himself to modern times. The government must understand the farmer's predicament. I hope the Minister of Agriculture will carry on the good work he is doing.

Comparisons can be made when a man is doing his best. I would not want to be too critical. I believe the Minister of Agriculture is doing his best, but he is not able to do everything he wants. Therefore, I ask him to carry on his work and, above all, increase the amount of help given to these farmers, who ask nothing more than to lead a decent life on their farms.

[*English*]

Mr. Johnston: Mr. Chairman, as I rise to speak in this debate on the supplementary estimates of the Department of Agriculture I have every sympathy for the minister who in this chamber must represent an industry that is beseiged with problems. The minister has just heard the Canadian Federation of Agriculture present a most comprehensive brief to the government and to all parties represented in this chamber, and he is aware of the problems that beset the industry on every side.

Mr. Knowles: One o'clock.

Mr. Johnston: Mr. Chairman, may I call it one o'clock.

The Chairman: Order. It being one o'clock I do now leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Johnston: Mr. Chairman, when I began my remarks earlier I referred to the agricultural industry as an industry under siege, encircled, beleaguered, bombarded by rising costs, by low prices and by foreign imports. The list of its difficulties is long. I am sure many branches of the industry see the Department of Agriculture and the policies of the government as being one more force with which to contend. I would not want to

describe the minister and his department as a fifth column because I do not think they are that close to the industry, to its needs and its desires. However, the policies of the government in a variety of fields have worked to produce a situation which, over and over again, has been detrimental to agriculture.

I should like to give an example of what I mean. One of the reasons I have so much sympathy for the Minister of Agriculture is that I know many policies are being developed and carried out by other departments of the government over which he personally has no control. But this does not absolve the government from co-ordinating the policies of all its departments to produce a national agricultural policy which would allow that industry to survive and to develop.

I should like to refer to the list of imports by commodities as of November last year, giving the yearly total up to that time, and I wish to refer specifically to the interesting section dealing with imports of raw sugar into Canada. At the top of the list we find Mauritius, thousands of miles away in the Indian Ocean, a country so remote from Canada that most Canadians do not know where it is. We learn that sugar imports from Mauritius up to November, not for the whole year, totalled almost $3 million. Our imports from the Republic of South Africa up to November, 1967, totalled $13½ million. Our imports from India totalled $2½ million, and I am sure no one would begrudge any trade with that struggling land. Imports of sugar from Australia totalled almost $7½ million and imports from Fiji were over $2½ million. Imports from countries associated with the West Indies were: Guiana, $4½ million, Honduras, $1 million, Barbados, almost $2 million, Jamaica, almost $3 million, and Trinidad-Tobago, not quite $1 million. At the end of the list we find Cuba from which we imported over $3 million worth of sugar up to November of last year. Finally we come to Mexico from which we imported $205,000 worth of raw sugar.

Any Canadian looking at this strange pattern of sugar imports might wonder about the factors which conspired to produce it, because it might be assumed that we import from povertystricken and overcrowded areas which are taking the cruellest advantage of one section of their population by paying the lowest possible wages to them and obtaining the greatest possible amount of work from them. It might also be assumed that we are importing sugar from a sugar producing country that has turned Communist while at the same time not importing from the British West Indies anything like the amounts of sugar we could if we were seriously interested in aiding and developing those islands which could well be an additional province of Canada had we sufficient vision to see their possibilities. The common factor in our policy is not political but rather the insistence of the government on maintaining policies which keep the cost of food at the lowest level.

Raw sugar is imported into Canada from all over the world because we consistently buy the surplus which cannot be sold, the "distressed sugar of the world" as the industry calls it. It is not much wonder that sugar processing plants in Canada, rather than buying from local producers, buy distressed sugar from these countries when they can. We are involved here in a deliberate attempt to prevent the development of a world wide commodity pricing arrangement. The very thing that we want for our Canadian wheat producers we deny to producers of sugar throughout the world. We can be cavalier enough with our wheat exports, and the prairie producers of that commodity know that the government let them down badly in the negotiations respecting the international wheat agreement which it allowed to lapse for a year with extremely detrimental consequences to the Canadian industry. But we do not care at all about sugar because, at the expense of the agricultural industry of Canada, the government has insisted on keeping the basic prices of commodities at the lowest possible level.

I speak about sugar in particular because it has an important effect on one part of the Canadian agricultural industry. If we turn over a few pages of the record of imports by commodities and look at the imports of canned fruits we see the figures for peaches. We do not go shopping for them as widely as we should but import them from three countries only. The volume of imports from the Republic of South Africa is such that the figures do not matter much. However, up to November last year we imported $2.5 million worth of canned peaches from Australia, $670,000 worth of canned pears and over $1 million worth of canned mixed fruits.

• (2:40 p.m.)

You might wonder, Mr. Chairman, when examining cans of Australian fruit why the fruit is always canned with a heavy syrup content which is 30 per cent sugar. The reason is that this is one more way to export sugar to Canada in almost as direct fashion as

the $5 million worth of raw sugar that Canada imported. The sugar industry is aware of this and has made repeated submissions to the government to do something to develop a national sugar policy which would allow the Canadian industry to survive. This policy will be needed sooner than we realize, Mr. Chairman.

In a recent speech the general manager of B.C. Tree Fruits Limited of the Okanagan valley dwelt on this topic. In the course of his remarks he said:

> The government is continually asking industry to expand its export markets. Yet, at the same time, it does not seem to be interested in the fact that the Canadian industry is losing out to foreign government subsidized imports. If Canadian industry is going to compete for world markets, it must first be in a position to compete on the domestic market.
>
> The present tariffs allow both the United States and Australia to undersell Canadian products. On June 12th, 1967, Australian peaches were being offered in Toronto for $7.62 per case compared to $8.63 for the Canadian and $8.31 for the American product. In addition, Australia was offering a 30 cent per case promotional allowance to the retailer. The Australian industry has established a policy whereby the price quoted in Canada is below any product on the market.

I am sure no one would challenge the proposition if this price differential came about solely as a result of the initiative, energy and vigour of the fruit industry in Australia. The speech continues:

> The Australian industry's ability to sell at such low prices is due to Australian government policies. Export incentives are made up of payroll tax rebate, double income tax deduction (200 per cent) on all expenditures made on export promotion. Funds are also made available from an excise duty applied to the sale of domestic fruit in Australia. It is expected that $1,800,000 ($2,160,000 Can.) will be available from this excise duty for export promotion in 1967.
>
> The cumulation of these tax benefits, rebates on tin plate and sugar gives Australian processors an advantage of $2 or more per case of fruit. This advantage is used to obtain shelf space in our Canadian supermarkets at the expense of Canada's domestic production.
>
> It is very evident tht the Australian government works in very close co-operation with their fruit processing industry to develop programs of assistance. In comparison, the Canadian tender fruit industry feels that tariff protection has too often been sacrificed to obtain concessions for other Canadian products.

Then he points to some reasons why the processing industry is so important to the Canadian fruit industry. He says:

> The fruit growing industry is dependent on the processing industry in two ways. During the last ten years the processing industry has purchased 43 per cent of the apricots, 45 per cent of the peaches and 47 per cent of the pears produced in Canada. If the fruit growers lost this market for their product the impact on the fresh fruit market would be disastrous.

Then the following recommendations are made to the government:

> 1. Immediately opening negotiations with the Australian government to renegotiate the 1960 Australian trade agreement act to rescind the concessions accorded tender fruit imports.
>
> 2. Reviewing the Australian tax incentives applicable to their tender fruit industry. If considered a direct subsidy, appropriate action should be taken to reinstate our Canadian anti-dumping legislation with Australia. If not a direct subsidy, Canadian legislation should be implemented to remove inequities.
>
> 3. Establishing import tariffs equal to those enjoyed by Canadian competitors.
>
> 4. Establishing a quota system as a temporary measure.
>
> 5. If it is not possible to remove the present inequities, the Canadian government was asked to establish a subsidy program similar to that offered sugar beet, poultry, dairy and other industries.
>
> 6. In co-operation with the industry, establishing a promotional program for the domestic and international markets.
>
> 7. In co-operation with the growers and processors, conducting an economic survey of the tender fruit growing and processing industry, with the objective of determining ways of making the industry more competitive.

These are some of the measures that can be taken and some of the problems that can be investigated so far as one aspect of Canadian agriculture is concerned which is important not just to my constituency but to several sections of the country. This is not the first time that these matters have been raised. The industry has raised them repeatedly for several years and is beginning to despair of any effective action being initiated by this government.

The dairy industry is also under attack. It too is moving to meet the opposition that confronts it. It is moving very rapidly to modernize the industry, as is the fruit industry. It will not do to say that Canadian production is inefficient or that it is low in quality because this is not the case. Quality in the fruit industry, particularly in the apple industry of British Columbia, is unmatched anywhere. The modernization of the entire industry also has no equal.

For example, this past year the highest price per box of apples ever obtained in history was achieved on the New York market, so this is an indication of the quality of the products of the industry and the vigour with which it has moved to meet its problems.

However, more needs to be done. A co-ordinated national approach to agriculture by the federal government is required and it has not yet been made.

The dairy industry is moving toward such an approach. The brief of the Canadian Federation of Agriculture dwelt on its problems as well as on the problems of the poultry farmers, the grain producers and a vast number of other sections of the Canadian agricultural industry. When the brief came to my desk I read it with great interest. First of all I looked to see what were the recommendations of the industry in regard to the substitute products that are moving into the milk products market. When I talked to representatives of the Canadian Federation of Agriculture the other day I expressed disappointment that they had treated this subject so tentatively. I say this because they have not much time, and neither has the federal government, to decide what will be their approach toward this new threat to the dairy industry.

I am sure hon. members saw a short program on television the other evening about an enterprising manufacturer who is busy turning out a substitute for milk to be sold in plastic cartons. He did not call it milk but it is to be sold as suitable for many purposes for which milk has traditionally been used. He admitted that his product did not have the food value or quality of milk, and I imagine that many people listening to the program and learning of the constituents of the product said to themselves, "What stuff!" However, the manufacturer went on to say that there would be a 5 per cent price differential per quart compared with real milk. I suspect that it suddenly became tasty to many who viewed the program. But do people realize the basic importance of Canadian agriculture to this country?

• (2:50 p.m.)

If the word gets around that there is a substitute for milk which will sell for about 5 cents a quart less, the minister will have a battle on his hands and it will not only be with the Minister of Trade and Commerce but also with the Minister of Consumer and Corporate Affairs. He knows that he cannot expect sympathy from housewives who are fighting soaring prices and he will not get much assistance from the Department of Consumer and Corporate Affairs, since it was designed to look after the welfare of consumers.

I thought it was a mistake to alter the name of the department to consumer and corporate affairs. It should have been left alone.

The Department of Consumer and Corporate Affairs ought to investigate the relationships among the big international soap companies which operate in this country. The department should investigate how synthetics are being used to manufacture foods. These companies have the resources and raw materials to manufacture soap and they could easily diversify into the manufacture of synthetic and substitute foods. That is why the dairy industry hesitates; it is not sure what is happening and it wants to find means to counter this threat. Those means, I suspect, lie in the powers of the Department of Consumer and Corporate Affairs, the Department of Agriculture and in the trade policies of the government. We should stop using cheap labour, inadequate living conditions, starvation and the host of other problems that beset the undeveloped nations of the world to bring Canadian agriculture to its knees. It is time we came up with policies which will ensure that our commodities fetch a decent price in the markets of the world and that our industries compete on a fair basis with their competitors around the world.

In the time that remains to him as head of this department I trust the minister will take steps to set in motion studies aimed at developing this type of policy for Canadian agriculture. I trust that he and his officials will pay the closest attention to the brief that has been presented by the Canadian Federation of Agriculture. I commend to the minister paragraph 39. It suggests how the desperate problems facing Canadian agriculture can be overcome. The brief recommends a minimum income policy, something that is widely discussed today and has ramifications far beyond the agricultural field.

Yesterday a columnist in a Toronto newspaper described the Minister of Justice as the next Prime Minister of Canada, suggesting he was the William Aberhart of the present day. That is a startling statement, indeed, but we know that the government has finally had to consider policies that were put forward by social credit in 1935, having to do with distribution of income throughout the population. Though I do not particularly wish the Minister of Justice well, I hope, should he succeed in rising to the high office of prime minister, that he will live up to the billing he got yesterday in the Toronto papers.

The brief spoke of an early retirement policy for farmers and of retraining and re-establishment policies. These are absolutely vital to the dairy industry in view of the announcement of January 15 about the 1968-69 dairy subsidy quota policy. We know that the subsidy policy has been tightened considerably. This policy, which is approved by large sections of industry, is aimed at eliminating some of the small operators. The quotas are designed to assist the development of larger production units. I think this policy is wise, and the government must persist with it. At the same time it should realize that when it no longer gives a subsidy to one who has been subsidized but gives the money to another, something of value has been lost by a member of the community and he should receive some sort of compensation. I say this because the government has caused the Canadian dairy industry grave problems by the sudden shifts in dairy policy over the last couple of years.

It would be well for the government to consider, in conjunction with the Department of Forestry and Rural Development, whether an early retirement policy could be developed for farmers. Such a policy would not leave the farmer who is 60 out in the cold, with a devalued farm which he must sell in a hurry because he has no income. The government must establish retraining and re-establishment policies and policies of farm consolidation. It might well look into the question of capital grants for farm improvement. The government knows how successful direct grants have been to industries in designated areas.

It is time the government saw the agricultural industry as an industry that requires the same consideration and care as the general manufacturing or drug industries of Canada. The other day we moved delicately to take steps that may lower drug prices in Canada. The government would never stand for profits of several hundred per cent in the agricultural industry, though the drug industry has enjoyed such profits for generations.

The government can do much to ensure that our agricultural industry is competitive. Our agricultural industry is more valuable than the mere products it produces. It is valuable to this nation in ways different from any other industry. The tourist industry depends on the agricultural industry indirectly. If farms go to waste and lie fallow, if buildings collapse and become shabby, the beauty of the countryside is spoiled and the beauty of our countryside, the beauty of rural Canada, is a great attraction to tourists.

Although he may not be able to clean up all of agriculture's problems immediately, I hope the minister can iron out some of the problems connected with the computer used in the distribution of dairy subsidy cheques. The department should ask whoever sold the computer to refund the money or provide a new model. On the other hand, if it is a question of personnel more should be hired to make the computer work properly, or perhaps we should train the people we have so they can operate the computer properly. I am tired of telling dairy producers in my constituency, as I am sure every member with dairy farmers in his constituency is, that the computer has broken down. I say, "It will be ready in another week. I know your creditors are at your door but the cheque will arrive next week." Next week, when nothing has happened, I have to send out a letter saying, "Sorry, but the computer konked out again. The cheque will come some time next month; it will arrive. All you have to do is hold on. Hold on and the cheque will get to you." I hope that in the near future we can be assured that the computer problems have been taken care of and that cheques will go out sufficiently regularly to raise the morale of those in one part of our dairy industry who badly need a boost.

• (3:00 p.m.)

Mr. Byrne: Mr. Chairman, I do not propose to range as far and wide as did the hon. member for Okanagan-Revelstoke. I think it is significant that I should follow the hon. member because with the coming into effect of redistribution the ridings of Okanagan-Revelstoke and Kootenay East will become one. I have been telling the residents of both these constituencies that they are very fortunate to have two representatives in this chamber at least so long as this parliament lasts.

I find that the hon. member for Okanagan-Revelstoke makes brief sorties into the east Kootenays. I, of course, have reciprocated, and during my brief visits I have been able to acquaint myself with some of the problems of the Okanagan. I might point out that the riding of Kootenay East, the riding of Okanagan-Revelstoke and, of course, the riding of Okanagan Boundary, from whose member I am sure hon. members will be hearing before this debate concludes, constitute the fruit basket of western Canada. Fruit is grown in western Canada as well as wheat. We hear a

great deal about wheat in this house and relatively little about fruit, though I am sure we shall be hearing more about it in the future. I might remind hon. members that the extremely tasty red Delicious apples which were presented to members of parliament late last fall came from Okanagan-Revelstoke, and a finer fruit has never been produced, as I am sure everyone will agree.

Mr. Roxburgh: What about Ontario Northern Spies?

Mr. Byrne: I was under the impression that only tobacco grew in Norfolk county. Now I stand corrected. It is interesting to note that Delicious apples have been fetching startling prices in the speciality markets of some of the main world centres such as New York—up to $10 and more per basket.

The hon. member for Okanagan-Revelstoke went to some length in criticizing the policies of the Department of Agriculture and of the government generally in respect of agriculture. I think that in all fairness the hon. member for Okanagan-Revelstoke should give some credit to the government, as I am sure the hon. member for Okanagan Boundary will, for what it is doing to assist the development of industry in the Okanagan and perhaps to a lesser extent the development of agriculture.

I sent to my office for a list which I believe I have on file there setting out the ARDA programs that have been undertaken since the Liberal administration came to power back in 1963. Unfortunately there were no undertakings, according to my information, in the Okanagan prior to 1963; if there were any they were relatively small.

Mr. Pugh: On a question of privilege, if the hon. member would refer to the Minister of Agriculture he would find that what he said so royally and regally about the assumption of power—

The Assistant Deputy Chairman: Order. This sounds to me like a point of debate rather than a question of privilege.

Mr. Pugh: I will come to the point. In the Okanagan 90 per cent of the ARDA projects carried out in my constituency were there prior to what the hon. member called the assumption of power.

Mr. Byrne: That is scarcely a question of privilege. However, I expect the hon. member for Okanagan Boundary will be taking part in this debate and if I make any errors I am sure he will find time to correct me.

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

Mr. Byrne: I prefer to defer questions until the end of my time.

Mr. Johnston: I shall not be here by the end of the hon. member's speech.

The Assistant Deputy Chairman: Order. The hon. member for Kootenay East has the floor.

Mr. Byrne: I am hopeful, as I said, that the list which I am sure is in my files will reach my desk before I conclude so I can check to determine whether or not what the hon. member says is correct. The list of projects is a long one. The program has provided for a large number of irrigation works, either refurbishing old and deteriorated schemes or constructing entirely new ones. Domestic water supplies have been improved and water has been provided for numerous orchards throughout the Okanagan. In addition, of course, there have been developments under the area development agency and, no matter what the hon. member for Okanagan Boundary may say, these did not take place under the former administration.

Many new industries directly related to agriculture have been introduced, not the least of which are the wineries. I believe that at least three wineries have been established in the Okanagan in a province where the government believes in temperance. In addition, a meat packing plant has been established, directly connected with agriculture. A sausage plant has been established in the area, again directly linked with the farming industry.

• (3:10 p.m.)

I am mentioning these projects only as projects that should be referred to in defence of government policy as opposed to the statement made by the hon. member for Okanagan-Revelstoke. We must be fair and give credit where credit is due. I am wondering, whether the hon. member for Okanagan Boundary has received his list or whether it is his Air Canada ticket he is looking at at the moment.

My original purpose in rising was to discuss the question brought to my attention within the last few days by the farm members from British Columbia who were delegated to attend the federation of agriculture

meeting here in Ottawa. The problem was referred to earlier by the hon. member for Okanagan-Revelstoke. I believe some elaboration may assist the minister and give emphasis to the problem.

In the fruit industry we must look forward to two methods of marketing. First, with the assistance of jet aircraft large consignments, up to two or three boxcars in one lift, will be carried from the Okanagan to London, Paris or New York. The second method is to sell fresh fruit to canning factories for processing when there is overproduction. When I mention canning it brings to my mind the fact that in Penticton a factory is being constructed to make tins. I believe it is being erected by American Can, again under the aegis of the area development agency, and it should result in reducing the cost of cans used by factories in the area.

Last fall, I believe in late November, the National Association of Fruit Producers and the Canadian Horticultural Council presented a brief to the cabinet concerning the importation of Australian peaches into Canada. These importations absorb quite a large share of the Canadian market and to some extent are displacing canned peaches imported from the United States. Processors in Canada, and in particular in British Columbia, complain that there is an element of subsidy in the export of canned peaches from the continent of Australia. I am not prepared to say whether the Australians are simply seeking to export sugar by increasing the density of the syrup, as was stated by the hon. member for Okanagan-Revelstoke. I was not under the impression that Australia is a net exporter of sugar. Be that as it may, there are a number of hidden subsidies inherent in the process.

I understand that the Australian treasury makes a rebate covering a portion of the cost of the sugar contained in the exported product. An excise tax is imposed on all canned fruits in Australia and the revenue is used for the purpose of promotion, advertising and market development in other continents. Further, the Australian treasury gives an income tax deduction to the industry for expenditures related to export development and these can reach 200 per cent. There is also a subsidy provided by way of payroll rebate related to the production of exported canned fruits.

This may or may not be a serious problem but it seems to me that Canada, and in particular the province of British Columbia, should not take a direct stand against the importation of goods. However, products produced in other countries and sold here with the assistance of subsidies or rebates should be frowned upon. The economy of British Columbia is so dependent upon export markets that it ill behooves us to criticize the importation of goods into Canada.

I believe it can be safely said that 75 per cent of our lumber industry depends on the export market. Indeed, the east Kootenay region of my riding depends very much on export trade. Significantly, at present a pulp mill is being built there by Japanese interests at an ultimate expenditure of $65 million to produce pulp for Japan. This will have an extremely beneficial economic affect on the east Kootenay area. I might also refer to the startling announcement made recently of the sale of 45 million tons of coal to Japan at a return to Canada of something like three quarters of a billion dollars over the next 15 years. In light of potential sales and our dependence on export trade I believe we should tread carefully but wisely in recommending that the government take action in respect of import quotas, tariffs and so on. It must be acknowledged that quotas should be established, however, as a protection to our in-season fruits and vegetables.

• (3:20 p.m.)

Mr. Johnston: Would the hon. member for Kootenay East permit a question? He made a rather remarkable statement about one area of the country being so fortunate as to have two representatives here. When he makes his forays into Okanagan-Revelstoke, as I make mine into the Kootenay area, I wonder whether it might not be better if he would tell the people there that he represents Kootenay East just as I tell the people of Kootenay East that I represent Okanagan-Revelstoke. Then the ultimate choice as to who will represent the combined area would be left to the wisdom of the voters.

Mr. Byrne: Mr. Chairman, it is difficult to comprehend just what the question was but I should like to assure the hon. member that when I visit the Okanagan I never fail to tell the people of the attributes and high character of their representative and his most charming wife.

Mr. Pugh: Mr. Chairman, I am glad to return to the subject of agriculture. At the outset I should like to say that I hope the hon. member will continue to be a tourist in Okanagan Boundary. When he finished speaking on the subject I wish to discuss I was not

clear about his position on the matter. I think he has perhaps been brainwashed by other government members.

I attended a banquet sponsored by the Oliver Chamber of Commerce not long ago when the general manager of the British Columbia Tree Fruits Limited gave a most interesting address on the problems created by the unfair importation of Australian canned goods into Canada. It is interesting to note that although I had been involved in this problem for quite some time I did not take an official stand until the government had had an opportunity to examine the brief which was presented last October. Finally, however, I could not stand aside any longer and I asked for a copy of the brief which had been delivered. Copies were sent to the hon. member for Kootenay West, the hon. member for Kamloops, I believe the hon. member for Kootenay East or someone in his party in that constituency and also to the hon. member for Okanagan-Revelstoke. They all had an opportunity to examine it before I did.

I should like to tell the Minister of Agriculture, the Minister of Finance who is not here, and the Minister of Trade and Commerce that Canadian processors of fruits and vegetables in western Canada do not mind fair competition. No Canadian objects to this no matter in what industry he is engaged. But we cannot continue to compete on the export market unless those countries which export to Canada practise fair trade and fair play. I wish to state immediately that the Australians are not doing this. The Minister of Agriculture and the other ministers must be aware of this because obviously the matter must have been discussed in cabinet. We are being treated unfairly. When I say this I am speaking not only on behalf of the processors in western Canada but also the processors across Canada.

Last October the Canadian fruit processors in conjunction with the Canadian Horticultural Council presented a brief to the federal government. When they came away they said they had been received very well but now they say they would like to hear further about the matter. No word has been received since that time. I venture to say that no government member would have dared to get up on his feet and say anything about this matter had he not been a member from a Kootenay riding.

Much has been made of the fact that the Australians are laying down canned peaches in Toronto at prices far below our price or the United States price. The Australian price

[Mr. Pugh.]

is $7.62 a case. The best price we can offer is $8.63 and the best price the United States processors can offer is $8.31. The Australians have a subsidy which enables their exporters to compete unfairly in this part of the world and elsewhere. There is an excise tax on sales in Australia which is reflected in the price paid by Australian consumers. This excise tax is applied in order to subsidize the canned goods which are exported into our market. A special income tax allowance of 200 per cent is allowed for export promotional schemes but not for promotion of sales within Australia. I am pretty sure of my figures because I obtained them from the fruit industry and they can be checked. After everything is considered, such as the rebate on tin plate and the rebate on sugar, the Australian processors have an advantage of $2 a case and in some instances more than that.

I should like to know whether the government has looked at the brief which was presented or whether it has been tossed in the ash can. Why has an interim report not been made to the industry? I might also ask whether the Australian government has been approached and whether this unfair practice has been pointed out to it.

In a few moments I intend to refer to the recommendations contained in the brief presented by the fruit industry. Before doing so, however, I should like to correct the hon. member for Kootenay East because I wish to be helpful to him. The processing business in Canada and the Okanagan area did not come about in order to take care of overproduction. It is an essential part of the soft fruit industry. To appreciate this fact one must understand how this industry was developed. We produce soft fruits in the Okanagan and we have access to processors. They are not in the business to sell these products to the Canadian people at an excessive profit. Over the years these processors have had to import soft fruits from other countries of the world in order to fill the cans they must put on the grocers' shelves. We produce a pretty good brand.

• (3:30 p.m.)

I am sure the minister knows how necessary this processing industry is. It was not developed by an outside company. Every dollar put into the industry was put in as a result of contributions made in one way or another by the growers. Many millions of dollars have been invested in plants and equipment in the Okanagan valley. These processing plants are necessary to the whole fruit

industry in Canada. If one part of the industry is lost, the whole industry will be jeopardized. The processing industry must operate on a 12 month basis. If it operates for any less than 12 months it will operate at a loss.

In view of present attitudes I cannot help but wonder whether the government and the minister have taken account of the recommendations of the industry. Seven recommendations were proposed in the brief presented by the industry and I should like to refer to them. The first recommendation is:

> Immediately opening negotiations with the Australian government to renegotiate the 1960 Australian Trade Agreement Act to rescind the concessions accorded tender fruit imports.

Has the government taken any action in this regard? The second recommendation is:

> Reviewing the Australian tax incentives applicable to their tender fruit industry. If considered a direct subsidy, appropriate action should be taken to reinstate our Canadian anti-dumping legislation with Australia. If not a direct subsidy, Canadian legislation should be implemented to remove inequities.

The minister knows full well that there is a saving clause in that agreement to the effect that if damage is being done steps can be taken. Why has the government not done something in this regard? Why has the government not kept in touch with the fruit growers and fruit processors in Canada? Will the minister tell me what steps have been taken, and if any steps have been taken why has the department not informed the industry? Recommendation No. 3 is:

> Establishing tariffs equal to those enjoyed by Canadian competitors.

I am not in favour of an increase in tariffs. As I said earlier, no Canadian industry minds fair competition but unfair competition is something else. Whether the industry involved is small or otherwise the Canadian government should look into the matter. If we do not want the fruit industry to continue we should say so, but we should waffle no longer in this regard. Recommendation No. 4 is:

> Establishing a quota system as a temporary measure.

One might as well ask for the moon because the government manifested its attitude when it removed the quota system on turkeys and practically ruined the market for Canadian producers. As the hon. member for Kent (Ont.) suggested, the government is not in step with agricultural requirements in Canada. One does not fix a policy and then let it remain forever and ever. One has to keep up to date, and if you do not keep up to date in this competitive world you might as well cease to exist. Let us not lose our home markets. Recommendation No. 5 is:

> If it is not possible to remove the present inequities, the Canadian government was asked to establish a subsidy program similar to that offered sugar beet, poultry, dairy and other industries.

I am not in favour of this recommendation. We have a strong fruit industry in British Columbia and Ontario, and these are the areas vitally affected. I am not in favour of paying a subsidy because this is not necessary if the unfair competition is removed. Recommendation No. 6 is:

> In co-operation with the industry, establishing a promotional program for the domestic and international markets.

This is much along the Australian idea. I am sure the minister has looked into this aspect and I would be interested to hear his comments. Recommendation No. 7 is:

> In co-operation with the growers and processors, conducting an economic survey of the tender fruit growing and processing industy, with the objective of determining ways of making the industry more competitive.

This industry is competitive. I should like to know the circumstances surrounding the bellying up recently of a cannery which had been in existence for many years. I should like to know whether this is company policy and what effect it has had on that part of Ontario. We cannot do anything about killing competition but has the minister looked into the circumstances? What are the freight rates on fruit for Canadian producers compared with the freight rates for Australian producers who ship fruit in all-inclusive shipments from Australia to Toronto?

The member for Kootenay East suggests there may be difficulties facing this industry but that we should not take a stand. Perhaps this is the government's view but I was surprised when he said that in the house. It is a very irrational statement to make in respect of any Canadian industry.

The brief to which I have referred came to the attention of the minister and the department some time ago. I should like to know whether any representations were made before that time. I am sure officials of the Department of Agriculture have known for well over two years about the Australian fruit industry's influence in this country. One has only to look at what has happened since 1957 when Canada produced 103 million pounds of canned fruit goods and imported 72 million pounds. Only ten years later, in 1966, this

picture had been reversed. Canadian production dropped from 103 million pounds to 88 million pounds while imports increased from 72 million pounds to 132 million pounds. While ours is a growing economy and Canadians need more food, there should be some protection provided Canadian industry.

• (3:40 p.m.)

I think I have made my case, and I am glad to see that the hon. member for Kootenay West is in his seat as he has always been a champion on behalf of the fruit industry. I am glad that this agricultural debate has started off with everybody who has spoken demanding action. If I alone had made these requests of the minister I think he would have said to me that nobody else was bellyaching, but when the demand for action is so widespread I know the minister will stir himself a little and will get something done. He will probably start talking again to the Minister of Finance, if he has not done so already, and to the Minister of Trade and Commerce about these problems.

I say to the minister in all seriousness that if he knocks out the processors in my area he will knock out the fruit industry, probably including the apple industry, and I would point out that we produce apple juice as well. If the minister knocks out the processors in Canada the whole of the soft fruit industry and possibly the whole of the fruit industry will suffer irreparable loss in dollars and cents and perhaps the extermination of the whole fruit industry. The situation is as bad as that.

Even though the government knows about this situation, small beginnings and lack of control could lead to the extermination of this industry. People in the industry may find that in the end they will get nothing out of it. I ask the minister not to let the people engaged in the fruit industry feel that because it is a smaller industry than those concerned with huge coal sales to Japan, exports to the United States or wheat sales to places around the world, they are forgotten by the government. The minister should remember that the fruit industry is a very vital and important part of the economy of Canada and must be maintained.

I now wish to speak briefly about the people who presented a brief to the government. The minister knows what the Canadian Fruit Processors Association is; he knows what the Canadian Horticultural Council is. Every growers' association, every shipper, every wholesaler and everybody connected with the fruit and vegetable industry in Canada is behind the brief of the Canadian Horticultural Council. I should now like to refer to an illustrious former holder of the portfolio of minister of agriculture, one of the same political ilk as this minister. I refer to Hon. James Gardiner, or Jimmy Gardiner. Hon. members should refer to *Hansard* of his day to see what he thought about the Canadian Horticultural Council.

That organization does not cry wolf with regard to matters that are not important. Its members examine every request put forward to the government and if it does not have merit and is not completely worth-while it does not bear the hallmark of the Canadian Horticultural Council. The minister knows that the council met here last week. He knows that its deliberations are for the benefit of all growers throughout Canada. The council aims at helping the whole of the industry from the producer down to the consumer. I shall not deal with the position taken by the fruit processors because it might be felt there was bias, but obviously they had to present a brief.

There are many other things with which I could have dealt today. I think this subject has been very fully covered but a short recapitulation of the situation would not hurt. Australian canned peaches, pears, fruit cocktail, etc., are being sold in Canada at prices with which we cannot compete. We cannot produce these fruits at the price for which the Australian product sells here. The reason the Australians can do this is that they are receiving a direct form of subsidy from their government. The minister has heard what I have said about rebates and all the other factors involved in this question. In other words, the Australian government helps the canned goods industry of that country. Australian canned fruits are sold at a lower price on the shelves of stores in Toronto than are Canadian products. They are sold at a lower price despite the freight rates and everything else involved in their shipment to this country. The price of the Australian product beats ours by $1.01 a case.

I say this is unfair competition. I hope that the Minister of Agriculture who is here, the Minister of Finance who is away, and the Minister of Trade and Commerce who is in a state of transition, will get together, forget the leadership race for a short while and take strong and immediate action to solve this problem. I hope they will get in touch with the Canadian Horticultural Council and the

Canadian Food Processors Association and say: Gentlemen, these are the steps we have taken; these are the steps we propose to take; this is an interim report only but we will keep in touch with you. The fruit industry cannot afford to wait any longer for government action to solve its problems.

Mr. Honey: Mr. Chairman, it is with some temerity that I enter this debate which seems to have polarized into a Kootenay-Okanagan discussion. Nevertheless, I think the debate has been very helpful. The three speakers who preceded me pointed out—I see that my hon. friend from Kootenay West is in the chamber and will no doubt be entering the debate—their concern with respect to the agricultural industry in another area of Canada but I am concerned particularly with Ontario.

The remarks of hon. members have general application in this debate and I wish to associate myself with the concern expressed by hon. members from British Columbia. At the same time, I think all hon. members are aware of the very difficult problem the government faces in this respect, bearing in mind that Canada is one of the world's great trading nations and that when we make decisions in these matters we must do so responsibly, keeping in mind all the many ramifications that flow from decisions made with respect to international trade. I say no more on that subject, other than to point out what my colleagues on this side of the chamber and hon. members opposite have already said, namely, that we are aware of the very intricate and difficult problem of international trade.

I wish to deal with a few matters this afternoon. I believe this is a particularly appropriate time to deal with them because we are concerned with a debate on agriculture and this week a brief was received from the Canadian Federation of Agriculture. I only regret that it was not possible to have before us the brief of the National Farmers' Union. I expect it will be presenting its brief next week. I hope that before this debate concludes we will have the benefit of the views of the National Farmers' Union.

Having mentioned those two national agricultural organizations I wish to say to them through the medium of *Hansard* that I think it is an unfortunate situation that in Canada we do not have one voice speaking for the agricultural industry.

• (3:50 p.m.)

I think hon. members on all sides of the house will join me in that sentiment. I know the difficulties which the minister and his officials face sometimes when, for example, it is not certain who has the authority to speak for the dairy industry. That of course applies to other segments of the agricultural industry. Perhaps I could leave the thought with our farm groups in Canada—and I know attempts have been made to do so, negotiations are in progress and studies are being initiated—that it would be helpful for the industry, and certainly for the government and parliament if a grouping in the federation, or a union, could be formed after preliminary discussions have taken place on this matter. We would then know that we had one organization speaking with authority for agriculture in Canada.

I am sure the minister would want to know which of the many groups of people who see him and his officials, and who see members of parliament from time to time, speak with authority in the various areas of agriculture. It seems to me that this situation must cause the minister some difficulty. I should like to say with reference to the minister—and I shall try to do so with tact, because of the situation we have with respect to the choosing of a new leader for our party—that I think the minister is doing a good job in his portfolio. It has been my experience from meeting agricultural groups in Ontario that the departmental officials and the minister, by and large and with some exceptions, which is always the case, are considered to have been acting responsibly and constructively in the interests of the agricultural industry.

The task force, the establishment of which was announced last year by the minister, which is now busily engaged in the performance of its duties and which I hope will report some time this year, is a constructive and useful body. I was pleased to see the support which the Canadian Federation of Agriculture gave to the idea of the establishment of the task force, in the brief which it presented this week. I wish to support the suggestion made by the federation in paragraph 7 of its brief, that the task force approach its job and structure its report in such a way that it could most effectively serve as basic documentation for a national conference on agricultural policy, such a conference to be jointly sponsored by the federal and provincial governments, and planned with the participation of farm organizations. I

hope this will be one of the many results which would flow from the report of the task committee on agriculture.

I wish to spend a few minutes dealing with the dairy policy, which was referred to extensively in the federation's brief. I think it might be helpful if I quoted from paragraph 19 on page 6 of the brief, where the federation puts forward the following constructive opinion:

> It is a source of considerable satisfaction to dairy farmers of Canada and the Canadian Federation of Agriculture that we now appear to be moving, grdually but constructively, toward a well conceived and carefully developed and integrated framework of dairy policy. In co-operation with the federal government, and with supporting provincial policy, we believe that we are beginning to achieve in the industry a prospect of some security of reasonable returns for the farmer's productive effort, in a known and understood framework of policy respecting prices, quotas, marketing organization, quality requirements. There is increasing recognition too, we believe, of the need for adjustment policies for the improvement of the income and earning opportunities of the less favourably situated producers.

I concur in that statement of the federation. I think that Canada's dairy policy under the present minister has been a good one. May I say also that in my opinion both the chairman and the members of the Canadian Dairy Commission have approached their job with a great deal of knowledge and understanding of all the problems of the dairy industry, in so far as it comes within the jurisdiction of the federal government.

I should like to comment on two aspects of the policy which might reasonably be considered both by the minister and by the commission. One is an old chestnut which the federation has brought up in previous years. To my knowledge no action has been taken on it, but I hope the minister and the commission are giving some consideration to the recommendation of the federation that adjustment payments be made to cream producers. At present no differentiation is made between the payments to cream shippers and those to shippers of manufacturing milk, such as milk sent to cheese factories. This seems to be rather unfair to cream shippers, and we might reasonably consider the suggestion or the recommendation of the federation that, in addition to the present subsidy, a special assistance payment be made to cream shippers. I think the federation suggests 7 cents per pound of butterfat, which they say would give the producers of farm separated cream a more adequate return, one more comparable to that of the producers of industrial milk, after taking into consideration the value of the skim milk retained on the farm of the cream shipper. This is one suggestion which I asked the minister and his officials to consider seriously.

The second suggestion is with reference to quotas for the shippers of industrial milk in the 1968-69 dairy year, and in the following dairy years as the policy of the commission evolves. I am pleased—and I know this was of considerable concern to the hon. members on both sides of the house—that the originally suggested policy of the dairy commission with respect to the 1968-69 quotas has been considerably modified. It was suggested that it might be the policy of the commission not to grant quotas to producers who in the dairy year 1967-68 produced less than 50,000 pounds of industrial milk or 1,750 pounds of butterfat. I think it is good that the policy was changed. I understand that the stated policy of the commission now is that the production of 12,000 pounds of industrial milk or 420 pounds of butterfat in the 1967-68 dairy year will enable those producers to qualify for a quota in the 1968-69 dairy year.

Having said that, I want to say that the principle enunciated by the commission, of gradually increasing production so that the moneys available to the commission from parliament may be used increasingly for the bona fide dairy producer who is making an effort to operate a viable and economic dairy production unit, is a good one.

• (4:00 p.m.)

However, Mr. Chairman, in encouraging increased production in the dairy industry I think the commission should keep in mind that there are going to be some dislocations. The principle is good, as I have said, but I think it should be applied in a reasonable and rather leisurely fashion so that all producers are given ample opportunity to increase their production. With regard to those unable to do so, the federation recommended that serious consideration be given to making adjustment grants to assist producers who find it advisable to turn to some other form of production.

I am sorry that the hon. member for Okanagan-Revelstoke is not in his seat, but he referred in rather descriptive terms and a little dramatically to computer breakdowns which sometimes delayed cheques sent to producers by the dairy commission. My experience with the commission has been that they

are extremely co-operative and helpful. In view of the number of dairy producers who receive cheques from the dairy commission, one can only marvel that the system has functioned as efficiently as it has. I think my hon. friend from Okanagan-Revelstoke was a little too critical because I have found that wherever there was delay in sending out cheques the officials of the commission were more than anxious to make a special effort to find the source of delay. In the great majority of cases it was at the local level, usually because the purchaser had not sent in his return to the commission; the fault was not with the commission itself. I think I should say that in fairness to the commission because they are doing an extremely competent and efficient job.

Reference was also made to the concern of the dairy industry regarding filled and synthetic dairy products. Driving to Ottawa a week or two ago I stopped at a roadside restaurant situated in a dairy area. I was served synthetic cream with my coffee, and to me this was warning of the sort of concern the dairy industry should be showing. Some aspects of the problem are the responsibility of this government, though some fall to the provincial governments.

If I may give some gratuitous advice to the dairy industry, it seems to me that the industry should be mounting a campaign, whether by means of public relations or some other means, to impress on the Canadian consumer the importance of avoiding filled and synthetic dairy products. I appreciate that the packaging and labelling of such products may very well be the responsibility of the Department of Consumer and Corporate Affairs, and I hope the minister of that department is concerned about protecting purchasers of dairy products who may be unaware that they are actually purchasing a synthetic product.

I am not trying to interfere with the right and freedom of Canadian consumers to purchase whatever they wish to purchase. I also think that if restrictions are to be placed upon these products this is a matter for the provinces. However, I think it is the responsibility of this parliament to ensure that the description of these articles printed on the labels is properly regulated and supervised, in the interest of the Canadian consumer as well as in the interest of the dairy producers.

There are just two further matters I want to mention, Mr. Chairman, before I close. I want to leave the dairy industry and to talk for a moment about farm credit. I appreciate, as I am sure all hon. members appreciate, the problems and considerations that may have led to what has been suggested will be a cutback or decrease in the amount of funds available to the Farm Credit Corporation. If this is the case, then I hope that the government will look once more at this question. If the operations of our Canadian farmers are to be viable, so they can make a reasonable margin of profit, then it is important that an adequate amount of long term credit at a reasonable interest rate should be available to them through the Farm Credit Corporation.

Another aspect of farm credit is the improvement loan arranged through the chartered banks. The maximum limit of $15,000 seems to be pretty badly out of line with the realities of our present day agricultural society. I should like to endorse the recommendation of the Canadian Federation of Agriculture that the government increase the maximum limit to $30,000. I appreciate that this matter falls within the jurisdiction of the Minister of Finance, but I know that his colleague the Minister of Agriculture is also concerned with this question.

I also think we should take a look at the policy of the chartered banks in connection with these loans. The information I have from farmers in Ontario today is that the Farm Improvement Loans Act is gradually becoming a pretty academic measure. I am advised that this is because the chartered banks take the position that they do not have funds available for this kind of loan. If this legislation is to mean anything at all and is to be helpful to Canadian farmers, I think the Minister of Finance and the government should review with the chartered banks their policy relating to loans made pursuant to the legislation. The legislation will be of no particular benefit to the agricultural community if the bankers ignore it. I suggest that the government ought to indicate clearly to the bankers that it is in the national interest, in the agricultural community's interest and in the interest of the chartered banks of Canada that full and adequate operative force be given to this legislation.

• (4:10 p.m.)

I wish to mention another item, and this will bring me full cycle, because in my introductory remarks I spoke of international trade. For a moment I want to talk about the tobacco industry in Ontario and in Canada. Mainly, I want to talk about flue cured tobacco, about 96 or 97 per cent of which is produced in Ontario. I wish to emphasize the

concern which has been expressed by the Ontario Flue Cured Tobacco Growers Marketing Board to the Minister of Trade and Commerce, the Minister of National Revenue and the Minister of Agriculture about the importation to Canada of South African tobacco.

Though not much tobacco has been imported to date, an important principle is at stake. It has nothing to do with another principle to which some speakers referred, having to do with the importation of fruit. With respect to tobacco the suggestion has been made, and I do not assess its accuracy, that tobacco imports to Canada from South Africa are being made possible because Rhodesian produced flue cured tobacco is available to South Africa. Under present government policies there is an embargo against importing to Canada, direct, tobacco and other goods that are being produced in Rhodesia. I only make this observation, that because of trade between Rhodesia and South Africa it may be possible that Rhodesian tobacco has become available in Canada. If so, I hope our officials will look into the matter—and I think they are doing that. I hope that the Minister of National Revenue is considering the application of the dumping legislation with respect to this importation.

No one will quarrel with this government's decision that it is in the national and international interest for us not to trade with Rhodesia. If that decision is being circumvented by tobacco companies in Canada which purchase tobacco from South Africa, the matter should be looked into and the practice stopped. It is a matter of concern to Canadian producers and to all Canadians. I will leave it at that. I know the minister has noted my remarks and I know that the Minister of Trade and Commerce and the Minister of National Revenue, with whom this matter has been discussed, are concerned about the situation.

That is about all I want to say. May I mention the concern that is being felt by those in Canadian agriculture about the government's moving away from—if I may use that term—the system of subsidizing agricultural products. It is not possible to stop all subsidies at this time because in some areas the government must help. I spoke of the task force, and I hope its report will be carefully considered. I also hope that the various farm groupes will amalgamate into one authoritative farm group with which we can consult. Armed with the report and in consultation with this group we shall be better able to move away from subsidizing some areas of agriculture. Until then we must shoulder our responsibilities. We must maintain those producers who could not produce economically without government assistance. We must be realistic and we must make the best possible use of the funds allocated by parliament, so that the agricultural industry in Canada may maintain and increase its contribution to the Canadian economy.

[Mr. Honey.]

Mr. Jorgenson: Mr. Chairman, the speakers who preceded me in this debate, including those from the government side, have shown that there are serious defects in our agricultural industry. The hon. member for Durham who directly preceded me chided the government gently for failing to bring some measure of relief to the industry. That industry today is suffering—for lack of a better term—from the weaknesses of a government that vacillates and never has time to settle down and do what is necessary to make sure that the industry is treated fairly.

I recall that in the three past election campaigns members of the government went from one end of the country to the other loudly proclaiming they had all the answers. It turns out that not only do they not have the answers; they do not know the questions.

Mr. Fane: Hear, hear.

• (4:20 p.m.)

Mr. Jorgenson: They had to set up a task force to look into the matter. I do not oppose the appointment of the task force; I know some of those who are on it. I can say to the minister that on that task force are some of Canada's best agriculturists. I only hope, if they bring down recommendations during the life of this government, that those recommendations will be acted upon.

I was interested to hear the hon. member for Kootenay East, who hoped that we on this side would be fair, and give the government credit for what it has done for or to agriculture. I am not sure which term he used. I am inclined to think that "to" is what he meant, though he used the other term.

Mr. Fane: Hear, hear.

Mr. Jorgenson: We have not sufficiently debated the present state of our agricultural industry. Outside of mentioning it in budget debates and in throne speech debates, this is the first time during this session that we have had an opportunity to discuss agriculture. The

main estimates of the department went through somewhat hurriedly, though they had been considered earlier in the committee. I always thought that the practice was to allow hon. members an opportunity to say a few words in the House of Commons and I hope, because of this, and because of the number of people who are planning to take part in this debate, government spokesmen will not go about the country saying the opposition is holding up the business of the house. I cannot think of anything more important to the house than paying attention to solving the problems of agriculture.

As previously mentioned, there is ample evidence throughout the country that serious difficulties have arisen. The number of demonstrations, protest marches and briefs since the minister assumed office should have convinced the hon. gentleman that he has a formidable task before him. I do not suggest for a moment that the minister is not interested or that he does not care: I think he is concerned. But I believe some of his cabinet colleagues are much less concerned, and that he has not been able to exercise the degree of authority within the cabinet necessary to enable him to do the things we feel need to be done.

I recall one of the promises made in the speech from the throne a year ago—that legislation would be introduced to provide assistance to agricultural societies across this country by way of grants or loans. This subject has been raised on several occasions and questions have been asked in this house, but we have never been told that the minister is likely to be able to get his legislation on the order paper, let alone on the statute books, in this current session.

When he sums up the debate the minister may, with some justification, point to figures which indicate an increase in farm income and say: Well, we are not doing too badly. If those figures told the entire story, if they gave a real indication how agriculture is faring, perhaps we would believe that agriculture was not doing too badly. But they do not tell the whole story, and all of us know it. Those in this house who are actively engaged in farming are deeply concerned about the position in which farmers find themselves as a result of the tremendous increase which has taken place in production costs. If there has been any increase in farm income it has been exceeded out of all proportion by the increase in the cost of the things farmers have to buy.

This increase in cost is to a large extent a result of actions taken by this government —higher taxation, higher costs due to taxes placed upon taxes, higher interest rates and so on. The kind of prosperity which farmers are enjoying today makes them wonder whether they should not have saved their money during the depression, so they could enjoy it. Talking about increased cost, these seems to be a creed, a solemn promise among those who supply farmers, that they will exact every last nickel out of his pockets so that there may be nothing left for him at all. As a result, the farmer finds himself having to run faster than ever in order to stay in the same place.

The commission which was set up to study the increase in farm machinery prices is one which should be supported by every member of this house. My experience is that if farmers do enjoy a good year—and there have been some good years in the past—there never seems anything left over after increased costs of production have been met. Farmers continually find themselves in this position and I am beginning to wonder whether it does not have something to do with the fact that a Liberal government is in power.

We recall the attitude of the party opposite toward the Canadian Wheat Board in the early years; when they took office in 1935 it was one of opposition to that agency. They only began to embrace this concept of marketing after the war had ended and the dangers of inflation were apparent. The signing of the wheat agreement with Britain at that time seemed to be nothing more than an effort to keep prices down and to use the farmer as a scapegoat in order to combat inflation. This pattern has returned and again we see a reduction of wheat prices, despite the contribution the farmers of this country have made toward solving the balance of payments difficulties experienced by this government a few years ago.

An hon. Member: By your government.

Mr. Jorgenson: One would have thought the government would finally have recognized the importance to this country of agriculture and of the wheat farmer. Nevertheless we once more find ourselves in the position where despite rising costs of production prices of practically every agricultural commodity are falling. Is this because the government intends once again to use the farmer as a scapegoat to combat the inflation which their own actions have so largely brought about?

Even more dangerous are the statements being made by some of the leadership candidates at the present time. I refer particularly to statements made by the Minister of Trade and Commerce. Addressing the Agricultural Institute of Canada, Ontario branch, he said—and he was referring to the tomato industry in southwestern Ontario:

> I suspect that any protection given will be of a temporary nature so that growers can phase out their capital commitments and seek other means of earning a livelihood.

In the light of this statement it seems to me the minister is prepared to sell out this industry. A little later he said:

> In international trade we have to produce the things we produce well.

If that is the case, why are we in such difficulty about wheat? Here is one commodity that we produce better and more competitively than any other country in the world. But in this area not only do we have to compete with the American farmer, but we also have to compete with the American taxpayer. Yet the government's actions seems to indicate it is prepared to accept this kind of competition, without raising its voice.

• (4:30 p.m.)

The article goes on to say:

> He told the institute Canada is the world's fourth largest exporter of farm products. Free trade in these products was an objective of last year's GATT negotiations, he said.

In other words the objective was to eliminate many of the agricultural industries in Canada.

> On the question of low-cost production in other countries, Mr. Winters commented: "We cannot afford to deter efficient production elsewhere."

This simply means that the government is prepared to accept competition from countries that can produce things more competitively than we can. This problem has recently been brought to the attention of hon. members with respect to the fruit industry in British Columbia, and over the past few weeks it has been a great problem to the potato industry in western Canada.

The minister knows about this problem. On several occasions I have asked him when action would be taken to apply value for duty in order to give some measure of protection against the unfair trading practices of the United States. We are told in this country that we must tailor our production to meet the effective market demand, but when we do that we find that other countries are permitted to ship their surplus production into Canada, as has happened in the case of potatoes entering this country. For two years in succession the Americans overproduced potatoes. It is easy for them to skim off the cream of the crop, as it were, and sell their top grade potatoes at a premium price. That is where the profit is; and what is left over comes into our markets at distress prices, destroying those markets for our own producers.

For weeks producers of potatoes in western Canada have been urging the government to apply the value for duty legislation in order to give them some measure of relief against this unfair trading practice. But what has happened? The answer was given this afternoon by one hon. member, who said we must not disturb the Americans, we must be careful not to offend them; our industries can all go to pot as long as we maintain friendly relations with the United States.

If this is the criterion that is going to be applied, why not apply it across the board? Why pick out agriculture, solely? Why must it be the only one to meet this unfair competition? What about other industry? They can make turbines in England a lot cheaper than we can. They can make refrigerators in the United States cheaper than we can. They can make transistor radios in Japan much cheaper than we can. We can get clothing from China much cheaper than we can produce it here. For that matter, why do we not bring in Italian barbers? Apparently this is the policy of the government.

The government is unwilling or unable to come to the assistance of those industries that are suffering from the worst kind of unfair trading practices that anyone could expect. No matter how many representations are made, and no matter how often and how forcibly delegations press the government, there appears to be no relief in sight.

The country is going to be watching the Liberal leadership candidates. I can assure those candidates that many farmers across the country read with interest the statements the candidates make, in order to get some idea where they stand on these issues and what the farmers can hope for if any of the candidates happens to be elected. I conclude by saying that after watching the performance of some of the hon. gentlemen who are candidates for the leadership, Lloyd Henderson looks better to me every day.

[*Translation*]

Mr. Caouette: Mr. Chairman, I listened very carefully to the remarks made by the hon. member for Provencher (Mr. Jorgenson). He is right in saying that the farmer is quite neglected and forgotten by the government. However, the hon. member should realize that the present situation in the field of agriculture does not date from today nor yesterday but that it did exist in all its seriousness when his party was in office, that is from 1957 to 1962.

Agricultural associations have been making representations to the government for a great many years. I was here from 1946 to 1949 and, at that time, farmers were asking to be recognized, better treated and better understood by government authorities.

I notice in the supplementary estimates (C), that the Department of Agriculture is asking for an additional sum of $33,383,166. Therefore, it means that at the time the officials prepared the estimates for the year ending on March 31, 1968, they underestimated their expenditures by $33,383,166.

Let us compare the estimates of the Department of Agriculture to those of the Department of Finance, which amounts to $2,122,694,590, and to those of the Department of National Defence which will cost us, this year, the sum of $1,747,269,001. Let us also compare them to those of Department of National Health and Welfare, a department that would deserve to get more so as to increase pensions and allowances, and we will see that the Department of Agriculture takes about one tenth of the amount required by the Department of Finance. Yet, all the members, all the political parties, all the citizens, easily recognize that agriculture is the very basis of the whole economic and social structure of our country. We know full well that if Canadians could not be fed, they would cease to exist within the space of a few days. We are all subordinated to the prime need for life, we must eat to live, and agriculture enables us to survive.

• (4:40 p.m.)

Yet, the farmers are treated in this fashion, by being granted a budget of $282 million for the year, that is one tenth of the expenses incurred to serve the dollars in Canada, to feed the population and to help the farmer. One really does not know what to make of it.

Mr. Chairman, we, of the Ralliement Créditiste, have asked repeatedly in the last six years for greater help to be extended dairy producers. The government waited; it took its time, there was no hurry. Promises made before an election are soon forgotten. Everybody knows that a dairy farmer must now spend five or six times more than a few years ago, merely to keep his farm going, to feed his herd, to buy machinery and to operate his farm.

For instance, a tractor which cost $1,500 not so long ago, now costs $4,000 and it is the farmer who must pay for it. In western Canada, a combine could be bought for $6,000 not so very long ago. Today, it is selling at $15,000 or $16,000. The same holds true in respect of spreaders, milking machines, in short all farm machinery. Prices have doubled, tripled, they have increased fourfold and even fivefold, and it is always the farmer who must foot the bill.

There are no longer any limits. The farmer works just to buy farm machinery. Yet there is no lack of work on the land. Farmers work hard, from four or half past four in the morning to nine thirty or ten at night, seven days a week, 365 days a year. The farmer cannot go on strike; he must stay on his land. He cannot dream of having a 36, 40 or 45-hour working week; he must work 98 and even 100 hours a week. In fact, he never stops.

Yet we are asked to vote the fantastic sum of one-tenth of the budget of the finance minister for agriculture.

Mr. Chairman, I do not intend to take up any more of the time of the house, but one thing is sure, and that is, that the hon. Minister of Agriculture (Mr. Greene) is now asking us to pass supplementary estimates (C) for the fiscal year ending March 31, 1968, that is, thirty days from now.

I would only like the Minister of Agriculture, in his next budget, to suggest to his cabinet colleagues that subsidies to the dairy industry should be substantially increased, in order to aid the farmers—and not oppress them—allow them to live on a par with all Canadians and be recognized in Canadian life as other classes of workers.

In closing, Mr. Chairman, I would like to draw this minister's attention to vote 5-C, which reads:

—to extend the purposes of vote 5 of the main estimates for 1967-68 to include a contribution of $10,000 to the town of Kapuskasing towards the construction of a road.

Kapuskasing is a little bit in our area. I wonder where the road will be built and for what purpose. Would it be to give access to new land in this area?

If so, Mr. Chairman, I shall ask the Minister of Agriculture to grant us an equal subsidy for the construction of a road from La Sarre to James Bay, where there are vast economic and agricultural possibilities.

It is a good thing to contribute $10,000 to Kapuskasing, which is a little bit in our area, towards the construction of a road? In my opinion, the minister should consider granting a similar subsidy to the town of La Sarre or the economic organization of La Sarre area, towards the construction of a road to James Bay. Otherwise, I would be inclined to think that the contribution of $10,000, paid to the city of Kapuskasing, was some sort of a political gift. Political considerations must not enter into the granting of subsidies, even if in the past there was political patronage in granting contributions or subsidies to cities, counties or regions.

Therefore, Mr. Chairman, I ask the hon. Minister of Agriculture to consider the possibility of granting a subsidy to the region of La Sarre for the construction of a road to James Bay.

[*English*]

Mr. Herridge: Mr. Chairman, I always enjoy discussion of these estimates because I come from a long line of pirates, poachers, preachers, politicians and plowmen. In fact I never get away from the land. Even now I wake up at six o'clock in the morning ready to milk the cows that are not there.

First of all I should like to bring to the attention of the minister that the ridings of the hon. member for Okanagan-Revelstoke, the hon. member for Okanagan Boundary and the hon. member for Kootenay East are all within the county of Kootenay. I should like to support the recommendations made by these hon. members. I know the fruit industry very well, having attended the first convention of the British Columbia Fruit Growers Association in 1919. I am aware of their problems.

Before being elected to the House of Commons I was a rancher and lived on an income slightly above the social welfare level. Since then my standard of living has continued to improve. In respect of the importance of agriculture as an industry, and with regard to the development of agricultural policy, I think we must move into new fields. We should consider the need for an incentive income policy and the retraining of our younger people. I represent a riding which includes a large number of small farmers who are quite happy to live the type of life they are leading. Some of the younger people, however, because of the lower income which can be derived from agriculture are lured away from the farm into employment in industry or into jobs in the city. I do not believe they would leave the field of agriculture if they were assured of a fairly reasonable income on the farms, and if they had a bent in that direction.

• (4:50 p.m.)

I should like to quote briefly from the *Agricultural Institute Review* for March and April of 1967 at page 24. The article written by David Suderman, is headed "We must review our agricultural policies", and it says:

> The agriculture industry is reaching the point where the policies governing it and guiding it can no longer be left to the few in governments and farm organizations. The challenge of the next two decades will demand that the industry make maximum use of its resources; the combined brainpower of agrologists, no matter what field they are in, will be needed to enable farmers to put the best technological know-how to use.
>
> It's all very well to say that known technology is already well ahead of practice. It's equally as valid to claim that productivity in agriculture is already increasing much more rapidly than in other fields of endeavour.

That has been proven by experience in the last 20 years. The article then states:

> Technological developments have helped the farmer do his job better, but they haven't helped much to improve the farmer's net income relative to the rest of society.

The article then continues under the subheading "Gordian knot":

> The three, use of technology, productivity and income, are entwined in a Gordian knot. As long as returns in agriculture are insufficient to attract significant amounts of new investment, technological improvements will not be adopted as rapidly as they should. And as long as farm incomes remain uncompetitive with wages and salaries elsewhere, migration off farms will continue. In cold economic terms, this isn't necessarily bad since the economies of scale point to the need of fewer farms. But one sad feature in this movement is that it reflects the traditional misconception that "book learnin'" is for those leaving the farm. Few of the young leaving home to pursue their educations ever return to the farm. How much longer can the farm industry afford such a "brain drain"?

I agree with those sentiments. Later in the article Mr. Suderman states:

> Some sort of a forum must be established to allow the agriculture industry to draw from the combined brain power of everyone in agriculture, whether he be the plant scientist, the economist, the educator or practical farmer, to develop policies which will make agriculture in this country more intensive, more productive and more profitable to those engaged in it. There is little time left. In

fact, if F.A.O. predictions on population growths are to be believed, agriculture is the only industry in this country worth worrying about.

This is one industry we should worry about, because if those in many other occupations were to die tomorrow we could carry on with very little difficulty, doing the things we wish to do. This article continues at some length, and I heartily agree with Mr. Suderman's contention in respect of the need for a review of our agricultural policies.

Another article appeared in the same issue written by B. H. Kristjanson entitled "Incentive-Incomes Policy for Canada", and states in part:

In the absence of facts and figures, I will make some heroic assumptions:

(1) The typical efficient family farm operator has as his primary goal the good life. He is not farming because he wants to become rich, but rather because this is what he wants to do and because he can do it better than anything else.

The article then continues:

(2) There is no clear evidence that an efficient family farm operation is a stable community well-served by aggressive co-operative organizations of all types cannot produce food at a price acceptable to consumers.

(3) There would be real value in a national policy designed to keep food production at maximum levels, allowing prices to reflect domestic and international market forces. In other words, a low-cost food policy to contain inflationary forces in the economy and to maximize our competitive advantages in international markets.

(4) Cost of public services could be stabilized and the services could be rendered with increased efficiency since the many functions provided in a rural region could be rationalized within a stabilized system.

(5) Most heroic of all, the general public could be brought to the view that income transfers of this type of agriculture are in the individual consumer's interest.

The mechanics are easy to state, but unfortunately resist easy application.

I think there is an opportunity for farmers and consumers to co-operate, so everyone in Canadian society could have the benefits of the agricultural industry. This could work to the benefit of the food needing populations of the world in general.

I have a few references I wish to make regarding the need for training in agriculture. I am very keen on this and I should like to quote again from the *Agricultural Institute Review* for January and February, 1968. It contains an article by E. H. Lange entitled "Technical and Vocational Training for Agriculture", which says in part:

The overall goal of agricultural training must be the optimum, broad development of the manpower in the agricultural industry, the development of all those people who require agricultural knowledge and those who have positions of influence and leadership in the industry. Some of this training must be at the professional level. At the technical and vocational levels, the specific purpose of the total program should be: (1) to train farmers, farm managers and farm leaders; (2) to train competent manpower for farm-related business in occupations where a knowledge of agriculture is essential; (3) to train technicians to assist agrologists (and veterinarians) in their programs and (4) to train skilled workers for farming and farm-related business.

Broadly speaking, there are two areas of employment, and therefore of training, on the technical and vocational levels: (1) employment and self-employment in agricultural business, on and off the farm and (2) employment as technicians or technologists to assist agrologists.

There is excellent work being done in this respect by the university at Guelph. This is considered as a provincial problem, but I hope our federal Department of Agriculture will do more in co-operation with provincial governments to provide the training required.

In concluding my few brief remarks let me say that governments, the people and farm organizations should co-operate in the development of policy and income incentives, as well as in the development of training facilities for future farmers.

The Assistant Deputy Chairman: Shall the resolution carry?

Mr. McCutcheon: Mr. Chairman, my remarks are brief but I cannot finish them in the time remaining. May I call it five o'clock.

Progress reported.

Mr. Deputy Speaker: It being five o'clock, the house will now proceed to the consideration of private members business as listed on today's order paper, namely public bills and private bills.

• (5:00 p.m.)

AIR POLLUTION

MEASURE TO ASSIST GOVERNMENT AND PRIVATE CONTROL AGENCIES

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Indian Affairs and Northern Development) moved the second reading of Bill No. C-25, to control air pollution.

He said: Mr. Speaker, I have been waiting for this occasion since May 11, 1967, when the House of Commons gave the proposals in Bill C-25, an act to control air pollution, the privilege of first reading. At this period of our national development air pollution is one of the most vital and urgent problems confronting Canada. Pollutants in the air are steadily

causing injury to people, animals, vegetation and physical property.

The progressive results of air pollution brought upon us by greater urbanization, growing industrialization and the increasing number of fuel-driven vehicles call for vigorous national leadership and intensified efforts to ensure clean air for our citizens. Clean air is a most precious and vital national resource. Within the limits of federal jurisdiction I think this bill provides for action to assist recognized provincial, regional, municipal and private agencies, as well as citizens, to abate air pollution.

Both as a physician in a dense urban and highly industrialized centre, and as the member of parliament for Parkdale, an area with many manufacturing plants, I am very concerned about the ill effects of air pollution. In my medical practice I have been alarmed at the increasing number of cases of emphysema, bronchitis and lung cancer. I welcome the assistance of many experts in this field who have helped me to make some proposals which I have included in this bill. I welcome also with great joy the assurance of the Minister of National Health and Welfare (Mr. MacEachen) who in this house has told us that the occupational and environmental branch of his department is preparing a clean air act for Canada.

In this bill I am proposing that parliament grant the Minister of National Health and Welfare immediately, or as soon as possible, duties and powers to deal specifically with certain aspects of air pollution. In my study of this problem of air pollution I had meetings with Mr. W. B. Drowley of the Ontario pollution control branch, Mr. H. A. Belyea, director of the air pollution control division of metropolitan Toronto, Alderman O'Donohue of Toronto, Dr. Norman Delarue and other experts in air pollution matters.

This bill states that air pollution means the detectable presence in the outdoor atmosphere of any air contaminant or contaminants in amounts that may cause damage or discomfort to the health of persons, may cause damage to animal life, may produce injury to vegetation, may damage physical property, or may interfere with visibility or the normal conduct of transportation, occupation or business.

Many factors have contributed and are increasingly contributing to the pollution of our air. Most of the air contaminants are in man's atmosphere because of his own activity. An extensive bibliography, readily available, reviews epidemiological, clinical and laboratory data which pertain to the health hazards of community air pollution. Also, the present trend to longevity may mean that a segment of our citizens are very susceptible to the aggravating effects of air pollution that now exist in polluted Canadian urban areas.

In clause 3 of this bill I have suggested that the minister consider the expediency of encouraging co-operative activities of municipal, provincial, interprovincial, federal and international governments for the investigation, prevention and abatement of air pollution. Also in this clause I have suggested that the minister consider the expediency of initiating and conducting appropriate research across Canada in the field of air pollution and, in particular, undertaking studies in air quality, weather conditions and monitoring programs in order to determine ambient air quality national guides and criteria of the known air pollutants.

I have also suggested that in the federal field the minister consider the expediency of controlling air pollution from vessels in Canadian waters by effective investigation and enforcement of the provisions of the Canada Shipping Act, from interprovincial railway operations by means of the railway board of commissioners, through the Atomic Energy Commission the air pollution caused by ionizing radiation, air pollution which may be caused by contaminating our soil when it is treated with pesticides and, above all, I suggest that the federal government take initiative in controlling air pollution being emitted from federal buildings, equipment and vehicles used by federal authorities.

I also suggest in this bill that the minister encourage regular federal-provincial meetings and seminars to set air quality standards, and establish a special federal air pollution control division with adequate central and regional personnel and laboratory facilities in the Department of National Health and Welfare to collect data and information on air pollution, to determine criteria and guides helpful in setting ambient air quality standards in accordance with the principles of the report of the World Health Organization on air pollution.

Furthermore, Mr. Speaker, I have proposed the establishment of a federal anti-air pollution agency to co-ordinate this program and also the establishment of a national anti-air pollution agency and advisory council to assist in fighting air pollution.

In clause 4 of the bill I propose that the governor in council make regulations requiring motor vehicles or engines to have installed thereon or incorporated therein one or more devices to prevent or lessen the emission into the outdoor atmosphere of any air contaminant or contaminants, prescribing the specifications and standards of any such device; classifying motor vehicles and engines for the purpose of any regulations and exempting any class or type of motor vehicle or engine from any regulation; classifying the quality of equipment and fuels for use in industrial processes, steam and electric generation, and domestic heating.

Many factors contribute to air pollution, but during our study of this problem we were told that they emanate from two major forms, namely a reducing form which consists largely of soot and sulphur dioxide, and an oxidizing form which consists of carbon monoxide, hydrocarbons and photochemical decomposition products such as oxides of nitrogen, ozone, and many others. Air pollution is also influenced by the topography of the area and weather conditions such as humidity, brilliant sunshine, air stagnation and atmospheric inversion. The health hazards of air pollutants are also influenced by age, cigarette smoking and pre-existent diseases.

At a public meeting and panel discussion in which I participated at the University of Toronto last December, Dr. Alfred Bernhart, a civil engineer, described how much air pollution there is in the city of Toronto and how much damage it produces. He estimated that in one year Torontonians, by burning 8.8 million tons of coal, oil, heating gas, garbage, and also 3 million tons of gasoline and diesel oil, emit 5.2 trillion cubic feet of polluted exhaust gases into our air. In addition, 65,300 tons of dust is blown into Toronto every year. He stated also that 47 per cent of this pollution is caused by cars, buses and trucks; 20 per cent by power plants; 20 per cent by heating, 10 per cent by manufacturing plants; and 3 per cent by garbage incinerators. This pollution, he also stated, causes material and health damage amounting to approximately $120 million annually in Toronto alone.

• (5:10 p.m.)

Health authorities have stated that the intensity of urbanization and industrialization producing air pollution may have a residual influence on lung cancer mortality. Some medical specialists are of the opinion that lung cancer deaths among cigarette smokers are more frequent in large industrialized cities than in rural areas.

Studies have also shown that there is a reduction in visibility when air pollution is at its peak. In several studies of deaths during severe urban pollution, air and train crashes accounted for some of the peak mortality. Highway safety crusaders should note, therefore, that the effect of air pollution may be augmented by smoking cigarettes and inhaling carbon monoxide—a combination which increases the risk of automobile accidents.

What is alarming is that on the one hand there is an increasing air pollution hazard to humans, animals, vegetation, and physical property, and on the other hand there is an inadequate nationally co-ordinated research, a lack of ambient air quality standards, ineffective regulations, and inefficient enforcement agencies, all of which is steadily contributing to the air pollution problem in Canada.

To date I know of no authority in Canada which deals with interprovincial air pollution problems. That is why there is a wide variation in air pollution legislation and enforcement across the country. To date, Ontario has the most comprehensive air pollution program, as contained in the air pollution control act of 1967. The other provinces are said by experts to have inadequate air pollution control measures. Countries like the United States, the U.S.S.R., West Germany and Poland are far advanced in the task of setting ambient air quality standards, control regulations and other means of enforcement.

As, to date, we in Canada do not have the financial and scientific personnel to set national ambient air quality standards, we should try to learn from these countries and try to determine whether it is practical to adopt some of their measures. For general guidance in this matter, the World Health Organization's expert report on atmospheric pollutants has been available since 1964. Mr. W. B. Drowley, chairman of the Canadian Standards Association committee on air pollution, stated in an address at a conference in Montreal in 1966 that the government of Canada should place a co-ordinated policy in the hands of one agency or department to avoid duplication and fragmentation of effort.

I believe that the proposals I outlined in Bill No. C-25 meet the immediate needs which are urgently required. The Minister of National Health and Welfare will be able to fight air pollution in Canada more effectively

by accepting the proposals outlined in clauses 3 and 4 of the bill. I also hope that he will prevail upon his colleague, the Minister of Finance (Mr. Sharp), to grant tax incentives to private citizens who would instal anti-air pollution devices and use clean fuels.

It is most urgent to attack vigorously the problem of air pollution in Canada. I believe this bill will assist in abating air pollution in our country and help to ensure better health and a higher quality of life for our citizens. Therefore I express the hope that the members of this house will either pass this bill, or at least refer its subject matter to the appropriate committee of the house for further study.

Mr. Howard: I wonder if the hon. member would permit me to ask him a question before he concludes his remarks. In view of the fact that he is the parliamentary secretary to the Minister of Indian Affairs and Northern Development (Mr. Laing), or a kind of junior cabinet minister, I wonder whether, in the light of the importance of this subject which he so ably outlined and the urgency of dealing with it, he has had any intimations from the government as to whether or not it accepts the concept contained in the bill.

Mr. Haidasz: May I say in answer to the hon. member's question that I have received no assurance either from the Minister of National Health and Welfare or from any other minister that they will accept anything in the bill, but I have asked them whether they think that some of the ideas I have put forward in it would be acceptable. I did not receive any answers, but I have canvassed my colleagues on both sides of the house and have been told that they think these proposed measures are worthy of consideration. I would not be surprised if some of the clauses in the bill were used in a clean air act for Canada.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, this afternoon I was favourably impressed by the fact that my colleagues on this side of the house who took part in the agricultural debate made brief and direct speeches. I hope to follow their example in commenting on this bill, which I understand an hon. member may move to have referred to the standing committee, if it passes on second reading today.

In my view the control of pollution in Canada is one of the most urgent and serious matters we now face. It consists not only of having clean air and clean water, because there is a more fundamental problem involved in it. Until pollution is under control, our industrial production cannot continue at an accelerating rate because as production increases, so does pollution. Not only must we reduce the pollution which exists at present, but we must control any pollution in the future. Production by large industries inevitably brings about pollution of air and water, sometimes at the same time and by the same factory. This must be controlled before new industry starts. So we cannot accelerate production until this problem is controlled, and regulations for new industry are introduced all across Canada.

Second, we cannot hope to attract an increasing number of visitors to Canada if our reputation for clean air and clean water is not maintained; and it is well known that we intend to maintain our reputation, so as to encourage the flow of visitors. Finally, our quality of life will suffer if pollution is not controlled; and, after all, quality of life is our ultimate objective.

• (5:20 p.m.)

However, even if the bill were adopted, Mr. Speaker, I think it is far from being an outright assault on the problem of air pollution, which in itself is only one segment of the whole area of pollution. Some people feel you really cannot separate air pollution from soil or water pollution, from the administrative point of view. Many industries pollute air, soil and water simultaneously. However I would not want to niggle about division of responsibility, because the main problem in Canada now in connection with pollution control is division of responsibility. There are so many commissions, organizations and levels of government involved that from the action point of view we have almost reached an impasse.

Therefore, Mr. Speaker, I intend to deal solely with the bill before us, which concerns itself with air pollution control. As I said before, I think the bill is quite inadequate as a piece of legislation. It is nothing more than a vehicle for discussion, and on that basis I give it my approval. It makes no provision whatever for the enforcement of pollution control; in fact, there is nothing new in the bill, because such control as it does provide is already in effect. Nor does it make provision for federal financial involvement, except in a very indirect way. I think there must be

financial involvement on the part of the federal government, and for several reasons, one of which is that other jurisdictions have been unable to take action to control pollution, owing to lack of funds.

The bill makes provision for the establishment of a national anti-war pollution agency and a national anti-air pollution advisory council. I do not think we need two bodies where one would do, Mr. Speaker. Second, I do not think that this bill gives the Minister of National Health and Welfare (Mr. MacEachen) any powers additional to those he already has. I am not sure that I like the setting up of another agency for air pollution control only. Neither do I like the setting up of an agency that has no powers of enforcement and no financial resources. The central pivot of the bill is clause 3, which merely sets out the duties of the minister, permitting him to consider certain expediencies but giving him no additional powers.

In summary, Mr. Speaker, I would not support the bill as a legislative measure. It has no real strength in the areas I have mentioned, and as a legislative measure is no answer to the serious pollution problems we are now facing. However, as I say, as a vehicle for discussion in this house, and in committee if the bill should be sent there, the bill does have some validity in that it talks about air pollution control. But that is about all it does do. The need for pollution control in this country is so great that, even in its present state, I would not want to oppose the bill. If it does anything at all to meet the situation, then to that extent I support it, just to get some discussion under way.

Mr. Bud Germa (Sudbury): Mr. Speaker, I should like to say a few words on Bill C-25, which deals with the control of air pollution. My thoughts are similar to those of the speaker who just preceded me. While the bill is perhaps a good avenue for discussion, it certainly will not go very far in solving pollution problems in this country as we know them today.

I think, Mr. Speaker, that when we talk about air pollution we must also consider other areas of pollution, such as those affecting soil and water. Pollution in the air eventually finds its way to our foliage, then into the soil and into our streams, lakes and rivers, where it tends to become concentrated. Therefore I do not think we can separate these three areas; they must all be considered together. If they are separated, the legislation will suffer by oversimplifying the problem.

It is my belief that this bill will generate some discussion and to that extent it has some validity. I support it on the ground that it will engender debate across the country by various committees, agencies and groups of people, who would at least be talking about pollution.

I also believe that the problem of pollution has to be tackled on a national scale. Jurisdiction over pollution control is now vested mainly in the provinces, which in turn pass on the responsibility to the various municipalities. The municipalities are reluctant to enforce any legislation that may be detrimental to their economic health. That is to say, they are not anxious to legislate against industry. It is well known that, if they do so, industries move to other areas that allow them to continue to pollute the air their production processes. Therefore it is very rarely that a municipality passes legislation to rigidly control pollution, or even if it does pass legislation, that it enforces that legislation, because the municipality does not want to drive industry out of one community and into a more receptive neighbouring municipality.

Therefore, Mr. Speaker, by attacking the problem on a national scale you avoid this sort of competition between municipalities. This concept could also be projected into the provincial field, so that one province does not have more rigid pollution control than its neighbour province, thus inviting industries to jump the provincial border to escape the cost of controlling pollution. I think it is only proper to discuss pollution on a national scale, and I suggest the federal government should assert its authority so that the matter can be attacked nationally. There should be a national law to cover pollution. It ought not to be left to the provinces, since standards of enforcement and legislation are different as between provinces.

• (5:30 p.m.)

Pollution will not be tackled adequately until the general public becomes aware of the menace. There is a growing trend for those working with the press, radio and television to give wide exposure to the dangers of pollution. I recall a program the C.B.C. carried, I believe on February 12, in which the camera and camera crew had been smuggled into the International Nickel plant at Sudbury. Pictures of pollution in the making were taken, pictures which had never been taken before. The president of the company had said that

the camera crew would not be allowed in the plant, because it was against company policy, but the photographs had been taken by the time the permission to take them was sought.

Full marks must be given to the C.B.C. This matter might have been discussed during the broadcasting bill discussions. A private station, I think, would never have taken the risk of offending such a large advertiser. It would not have taken such pictures, showing pollution in the making. The C.B.C. crew deserve a medal for bringing this problem to the attention of the public in such a dramatic way.

I also understand that one of the camera crew, after coming out of the smelter, had to receive medical attention on account of the large quantity of sulphur dioxide he had inhaled. In this connection I should put on the record that pollution within the smelter reaches 200 parts of sulphur dioxide per million. That is almost a lethal limit. The medical profession believes that we cannot survive for more than four hours if we breathe a mixture of 200 sulphur dioxide parts per million parts of air. This pollution level exists almost daily in the plant. I must also point out that thousands of men are exposed daily to even higher concentrations of sulphur dioxide, and to ammonia and carbon dioxide.

You can breathe in up to four parts per million of sulphur dioxide without knowing you are breathing pulluted air. Only when the level rises from five to six parts per million does one begin to suffer any discomfort; but it is too late then, because already you have been exposed too much. So, polluted air may be damaging you, and you may not know it. That is the insidious part of pollution, because often you do not know you are exposed to it.

Mr. Peters: You can't say that for E.B. Eddy, across the river.

Mr. Germa: The smell is obnoxious, but whether it is dangerous I do not know. It may be damaging to our sense of smell only.

I have been concerned about the problem of pollution for a number of years. I come from Sudbury, which often takes a drubbing from correspondents who pass through but seldom stay. Invariably you hear statements such as, "It looks like the far side of the moon." One man actually said, "Where did the bomb fall?" There are no forests in our area; they were stripped away many years ago. Without their protection our soil has eroded and black, barren rocks are exposed. Many wonder why anybody lives there. But we do produce wealth. When that wealth is produced, sulphur dioxide is discharged into the air, and the fumes have ruined one of the most beautiful parts of Canada. One of the best stands of white pine in this country stood in our part of northern Ontario. Now it has been devastated. The topsoil is washed away. Nothing is left except eroded, clay gullys and black, barren rocks.

We have a high incidence of lung disease. Though there has been no investigation, I suspect that long term exposure to sulphur dioxide fumes is the cause of it.

Father Hod Marshall of St. Charles College in Sudbury, which is run by the Basilian Fathers, asks in a letter:

> Please keep me informed on what progress is being made in that direction. Who was responsible for clearing up a like problem in Trail, B.C.?

The reverend father was referring to our pollution problem. It will be recalled that Trail, in British Columbia, had a problem similar to that of Sudbury. A smelter was refining lead and zinc, and SO_2 was being exhausted in the process. The provincial government took no action; no government in this country took action. All the same, the fumes were finding their way down into the United States and were damaging the fruit orchards in the state of Washington. The United States government saw fit to bring action against Consolidated Mining and Smelting Company, with the result that the company was forced to clean up its operation. The exhaust which polluted the air was turned into fertilizer. So the company turned a waste product into a product that brought it profits.

If a foreign government could bring a punitive action which forced an industry to clean up its manufacturing process, why cannot this government take punitive measures just as effectively to force other industries to clean up their operations.

• (5:40 p.m.)

Some time ago I saw fit to ask the Minister of National Health and Welfare (Mr. MacEachen) the following question about pollution in Sudbury:

> Will the Minister of National Health and Welfare undertake a survey to determine the effects on workers of long-term exposure to high concentrations of sulphur dioxide fumes at the International Nickel Company plant in the Sudbury district?

To this, the minister replied:

> The Department of National Health and Welfare would assist the provincial government, if requested, in conducting a survey of this type.

So you see, Mr. Speaker, there is a problem about determining who has jurisdiction over air pollution control measures. In this instance I was referred to the provincial government. I followed the matter up and referred my question, together with the minister's reply, to Dr. Dymond, minister of health for Ontario, who replied to me as follows:

> This will acknowledge receipt of your letter of January 11th. It will also advise you that a study of possible long term effects of exposure to sulphur dioxide in smelter workers and others has already commenced at the Sudbury plant.

I was pleased to hear that this survey had begun. I had been in contact with the local union which was watching this situation closely and I advised the international representative of the United Steel Workers of America, Mr. Valentine, of the information I had been given. He went to the International Nickel Company at whose plant in Sudbury this survey was supposedly taking place, and he afterwards wrote to me in this vein:

> I made it a point to contact Mr. Seli, manager of industrial relations for Inco in Sudbury, and asked him if he knew of any studies regarding the possible long term effects of exposure to sulphur dioxide of smelter workers or others in the Sudbury area. To say the least, I was very surprised when he told me he knew nothing about this.

So you see, Mr. Speaker, there is confusion here. The manager of industrial relations in the plant supposedly under study does not even know that the province of Ontario is conducting a survey, if indeed a survey is going forward. The union representative does not know about it, and neither do I, though I am convinced such a survey should be carried out because insufficient information is available as to the effect of sulphur dioxide upon people who are exposed to it; and if ever there was a group of guinea pigs it is this group of five or six thousand workers, some of whom have been exposed for as long as thirty years. A comparison could be made between the condition of their lungs and those of the newer workers, so as to document forever the type of damage which sulphur dioxide does. I think that sulphur dioxide is the main cause of pollution at the present time.

With regard to this survey in the Sudbury district, on February 2 the Ontario department of mines issued a press release which stated:

> The Ontario Department of Health in co-operation with the Ontario Department of Mines has been engaged in a study of the possible health effects of long-term exposure to sulphur dioxide among workers in the Sudbury area. This study is being carried out to determine whether there has been any relationship between work exposure to sulphur dioxide and the occurrence of certain chronic diseases such as respiratory or heart disease.

This is the statement made by the Ontario department of mines and the Ontario department of health. Yet the company does not know about it, the union does not know about it and I do not know about it. It seems strange that a survey could be going on without anyone concerned knowing about it.

There are other people who are concerned about pollution. I have been in contact with Dr. W. Y. Watson, chairman of the biology department at Laurentian University in the city of Sudbury, whose ideas on the subject of pollution are in some respects at variance with my own, and apparently at variance with those of the hon. member who is sponsoring the bill before us. Dr. Watson did attend the conference on pollution held in November, and he writes as follows:

> One impression I got from being there was that there was sufficient legislation to begin pollution control.

This professor feels there is sufficient legislation on the books. I shall not quibble with him. I do not believe we have sufficient legislation to enable us to enforce the measures we believe should be taken. If it is the case that there is already sufficient legislation, we do not need Bill C-25, which is a new bill dealing with pollution, though I believe it is a good bill as far as it goes. Dr. Watson goes on to say that the laws and regulations may have to be modified as further research indicates weaknesses.

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

[*Translation*]

Mr. Gaston Isabelle (Gatineau): Mr. Speaker, I am pleased to make a few comments on Bill No. C-25 introduced by my colleague for Toronto-Parkdale (Mr. Haidasz).

It is now recognized that air pollution is a problem with which our modern world will

have to cope and which is liable to upset the economy of all countries.

This pollution is so obvious in urban centres that there is no doubt about it, since buildings are altered, metals are corroded by air acidity or vegetables are dying or are unable to reach maturity. How can men, in turn, avoid the effects of such pollution?

One can say that very few countries do not feel the ill effects of this progressive intoxication caused by air pollution which, contrary to the classic social calamities, affect the countries with the highest standard of living. Therefore, it is in the most developed or industrialized countries, where there is the greatest number of motor vehicles, that the air is increasingly polluted and becomes less and less respirable. When pollution reaches a certain critical stage, unfavorable atmospheric conditions may cause serious diseases and even, in some cases, death.

The Montreal *Dimanche Matin,* in its last Sunday issue, has denounced the danger of poisonous carbon monoxide emanations in downtown Montreal. Mr. Jean Marier, director of the Air Pollution Division of the Montreal Health Department said in that article that tests have been made in this regard. One of their inspectors spent several days cruising around the downtown section of Montreal as a passenger in a car. The ventilation system of the car was working perfectly and the windows were down. Here are the results of these tests:

> The tests have shown a proportion of 12 per cent of carbon monoxide, originating from the exhaust system of various vehicles, in the blood stream of the inspector. This means that 12 per cent of the red corpuscles could not function and absorb the oxygen.
>
> "When there is more than 10 per cent carbon monoxide, there are slight poisoning symptoms, nausea, general discomfort. Between 15 and 20 per cent, there is dizziness and the judgment and faculties become unbalanced. Between 50 and 60 per cent, death strikes rapidly."

The world has already witnessed similar tragedies and no one can deny that a large city, where such conditions prevail, suffers similar consequences.

In the last few years, we have noticed a considerable decrease in the sunlight and a progressive increase in the fog in industrial areas. The reputation of the notorious "smog" (smoke and fog together), which affects London is universally recognized.

Among the cities which have suffered the most from air pollution, one can single out the city of London, England, where it caused a great number of deaths and disabilities.

[Mr. Isabelle.]

During the winter of 1952, everybody remembers that due to a persistent smog which spread all kinds of air impurities, 4,000 persons died and hospitals were filled with the victims of that scourge.

It will also be recalled that as the smog—a combination of smoke and fog—increased, hospitals and other medical centres had to admit only the more severely affected patients. Most of the sick had acute respiratory ailments.

However, humans were not the only ones to be affected, as I said earlier. Some animals, taking part in a show at that time, died or had to be destroyed, due to acute respiratory trouble. All animals were affected, and those who survived required intensive care.

This is the worst disaster of its kind, although London has registered losses from this scourge before and since 1952. The death registers show that already in 1874 there was a number of deaths due to air pollution. The same happened in other parts of the world.

In 1930, in the industrial regions of the Meuse valley, in Belgium, 60 people died and several others were gravely ill during a rather long period of fog which polluted the area. A number of domestic animals died on that occasion.

Closer to home, in Donora, in Pennsylvania, 20 persons died and half the people became ill in similar circumstances in 1948. More recently, New York has started to feel the fatal effects of air pollution.

This proves beyond a doubt that air pollution can cause death or illness which can leave people disabled. The most striking fact in the above examples, is that before people began to suffer from the harmful effects mentioned, pollution seemed to be a normal and harmless phenomenon.

• (5:50 p.m.)

In London, for instance, the day fog appeared, visibility was good in the morning but at a certain time, when the velocity of the wind came to nearly nothing, pollution started to cover the city. The next day, smog became so dense that some transportation companies had to stop all activities. Traffic practically stopped and many drivers left their cars in the streets. So the city of London became virtually crippled during four days because of fog.

What will happen if similar conditions occur again? One can wonder to what extent people living in a city where air is polluted

are affected in a normal day. There is always in the air this mixture of smoke, sulphur dioxide and possibly other noxious substances, but those substances do not present as much danger as when the atmosphere is calm.

Medical authorities are not unanimous on this point, but it is getting more obvious that some illnesses, like bronchitis, emphysema and other respiratory ailments are aggravated, if not caused, by daily exposure to an atmosphere considered as normal, but containing a certain degree of pollution. It is also suspected that lung cancer is caused by air pollution, but to a lower degree than by cigaret smoke.

It has been proved that people living in cities where the pollution danger is more pronounced are more subject to lung cancer than those who live in rural areas. It is not necessary to have been subjected to air pollution all our life to pay the consequences, because it has been clearly demonstrated that people who have emigrated from the United Kingdom to Australia or South Africa are more subject to lung cancer than those who were born and had always lived in those countries.

In addition to the human deaths which result from air pollution, there is also a considerable loss of human resources. Vegetation is hampered, livestock suffer from almost incurable diseases, houses and buildings are blackened and man is even deprived of the pleasure of admiring the beauties of nature. Estimates have been made of the losses incurred, and it is generally accepted that air pollution costs urban dwellers between $30 and $40 a year per capita.

In Canada, it means that air pollution can cost billions of dollars annually. We could subsidize several programs, in order to control that problem with a small percentage of those funds. All citizens should contribute to those expenditures incurred for the control of pollution which is permeating our towns and cities.

Sources of pollution are various and I will simply summarize them. We have just completed some investigations and the knowledge gained on the subject throughout the country should be efficiently conveyed. We know that Bill No. C-25 includes provisions to that effect. The bill asks the minister to recognize the urgent necessity of encouraging research at the municipal, provincial and federal levels, in order to determine the nature of air pollution and the means to control it.

The bill is also concerned with research on atmospheric conditions and air quality in order to establish criteria and national standards. Special appropriations are also contained in this bill in order to promote research at the university level and to facilitate the exchange of knowledge between various intermediary bodies which the department intends to establish.

Mr. Speaker, those points are among the most important and they are conformable to my earlier remarks. We must be informed on that matter. We cannot be satisfied to pass legislation in the hope that the problem will be solved in that way. We must also be sure that the course of action which we shall follow will meet adequately and in all respects, the interest of the country.

Mr. Speaker, I move, seconded by the hon. member for Norfolk (Mr. Roxburgh):

That the bill be referred to the standing committee on health and welfare.

[*English*]

Mr. Deputy Speaker: Order. It is moved by Mr. Isabelle, seconded by Mr. Roxburgh, that the subject matter of this bill be sent to the standing committee on health and welfare. Is it the pleasure of the house to adopt this amendment?

Some hon. Members: Agreed.

Motion (Mr. Isabelle) agreed to.

PUBLIC ACCOUNTS

REFERENCE TO STANDING COMMITTEE OF VOLUMES I, II AND III, AND REPORT OF AUDITOR GENERAL

Mr. MacEachen: Mr. Speaker, I wonder if I could get consent to revert to motions for the purpose of passing the resolution to send the public accounts to the standing committee?

Mr. Deputy Speaker: Does the house agree to revert to motions?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Does the Minister of National Health and Welfare (Mr. MacEachen) have leave to proceed with order No. 67?

Some hon. Members: Agreed.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I move:

That the Public Accounts volumes I, II and III for the fiscal year ended March 31, 1967, laid before the house on January 22, 1968, be referred to the standing committee on public accounts.

Mr. MacLean (Queens): Mr. Speaker, we in this group are quite content under the circumstances to pass this without debate, if it is agreeable to the house generally.

Mr. Knowles: So are we, Mr. Speaker, but we would like the report of the Auditor General to be referred as well. I believe that that report has been tabled since this motion was drafted, and I wonder if by consent it could be included.

Mr. MacEachen: Yes, Mr. Speaker; perhaps that could be added to my motion.

Mr. Aiken: Mr. Speaker, may I ask the minister whether we may assume that the committee will be called immediately to appoint a new chairman and vice chairman.

Mr. Deputy Speaker: By leave, the motion would now read:

That the Public Accounts, volumes I, II and III for the fiscal year ending March 31, 1967, laid before the house on January 22, 1968, and the report of the Auditor General, be referred to the standing committee on public accounts.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. MacLean (Queens): Mr. Speaker, would the government house leader place on the record the order of business for the first couple of days of next week, so far as he is in a position to do so.

Mr. Knowles: Let us have it for the whole week.

Mr. MacEachen: Mr. Speaker, on Monday we intend to continue with the supplementary estimates of the Department of Agriculture. Then we intend to proceed with the estimates of the Departments of Finance, External Affairs and National Defence.

Mr. Howard: Before we adjourn, Mr. Speaker, may I ask the minister relative to next week's activities whether the government plans to bring any particular crisis before the house and, if so, would he tell us what it might be.

Mr. Deputy Speaker: Order. It being six o'clock the house stands adjourned until 2.30 p.m. Monday next.

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

HOUSE OF COMMONS

Monday, March 4, 1968

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

TABLING OF DOCUMENTS RESPECTING RELATIONS WITH GABON

Right Hon. L. B. Pearson (Prime Minister): I should like to table a copy of the statement issued by me during the lunch hour on relations between the Republic of Gabon and Canada, together with a note from the Secretary of State for External Affairs to the foreign minister of Gabon which was attached to that statement.

Mr. Speaker: Has the Prime Minister permission to table these documents?

Some hon. Members: Agreed.

Hon. Robert L. Stanfield (Leader of the Opposition): I do not know whether I am in order at this point, but may I ask the Prime Minister whether he would also table the note which the Canadian government received from Gabon?

Mr. Pearson: I would be glad to look into that at once. I do not know whether a written note was received; I think there was a discussion with the ambassador of Gabon representing his government, but I will look into the matter and see whether we can table a report of that conversation.

FINANCE

REQUEST THAT INVESTORS REFRAIN FROM SWAPPED DEPOSIT TRANSACTIONS

Hon. Mitchell Sharp (Minister of Finance): Members of the house will be aware of accounts which have appeared in the public media regarding the disturbed state of international financial markets which developed at the end of last week. I believe these reports are greatly exaggerated, and that the situation is not as disturbed as it has been made out to be.

However, the developments of the last few days have resulted in a marked increase in the short term rates of interest in the so-called Euro-dollar market. These rates have risen to very high levels. In view of the already high level of short term rates of interest in Canada it has been thought desirable to protect the Canadian interest rate structure from the effect of these short term rates in the Euro-dollar market as far as we can.

The governor of the Bank of Canada has this morning, by agreement with me requested the banks and other financial intermediaries for the time being not to facilitate swapped deposit transactions, which constitute the main link between the Canadian short term interest rate structure and the rate prevailing in the Euro-dollar market.

I wish therefore to request Canadian investors for the time being to refrain from entering into or renewing swapped deposit transactions through any intermediary, Canadian or non-Canadian. By way of explanation I should add that swapped deposits are made with Canadian funds which are converted into a foreign currency, usually U.S. dollars, and placed on term deposit with a bank or other intermediary, with the intermediary undertaking through a forward contract to convert them back into Canadian dollars at maturity.

HISTORIC SITES

TABLING OF POLICY STATEMENT

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): I ask permission to table copies in both languages of a policy statement on national historic sites of Canada.

Mr. Speaker: Has the minister leave to table these documents?

Some hon. Members: Agreed.

WOMEN

PROVISION FOR MATERNITY LEAVE BEFORE AND AFTER CHILDBIRTH

Mrs. Grace MacInnis (Vancouver Kingsway) moved for leave to introduce Bill No. C-204, respecting the employment of women in federal jurisdiction before and after childbirth.

Mr. Knowles: Explain.

Questions

Mrs. MacInnis (Vancouver-Kingsway): As the explanatory note indicates, the purpose of this bill is to provide maternity leave for women employed in any work, undertaking or business within the legislative authority of the parliament of Canada.

Its provisions are in line with standards laid down by the International Labour Organization and adopted in varying degrees by countries throughout the world. It is hoped that by adopting such legislation as is proposed the parliament of Canada may encourage the provincial legislatures to do likewise.

Motion agreed and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RESEARCH SCIENTISTS IN GOVERNMENT

Question No. 887—**Mr. Orlikow:**

1. How many employees in the Research Scientist classification were on strength in (a) Department of Energy, Mines and Resources (b) Department of Forestry and Rural Development (c) Department of Agriculture, on April 1, 1967?

2. Are these Research Scientists subject to an annual salary review on the basis of merit and scientific productivity?

3. What percentage of the Research Scientists in each of these three departments received salary increments with effect from April 1, 1967?

4. Were such increments awarded solely on the basis of merit and scientific productivity?

5. What percentage of the Research Scientists in each of the three Departments did not receive an annual increment with effect from April 1, 1967?

6. Why did the Research Scientists referred to in Part 4 not receive an annual increment with effect from April 1, 1967?

7. What percentage of Research Scientists in each of the three Departments receive salary increments with effect from April 1, 1967, of $500 per annum or over?

Hon. Judy V. LaMarsh (Secretary of State): Insofar as the Department of Energy, Mines and Resources is concerned: 1. (a) 388; (b) not applicable; (c) not applicable.

2. Yes.

3. Department of Energy, Mines and Resources—64.8 per cent.

4. Yes.

5. Department of Energy, Mines and Resources—35.2 per cent.

6. Their relative salary positions in relation to research scientists in other departments in the government service, based on an assessment of productivity, did not indicate that an increase was supportable at that time.

7. Department of Energy, Mines and Resources—17 per cent.

Insofar as the Department of Forestry and Rural Development is concerned: 1. 237.

2. Yes.

3. 84.4 per cent.*

4. Yes.

5. 15.6 per cent.

6. Research scientists not receiving an increment in 1967 were judged to have insufficient productivity to warrant a merit increment.

7. 19 per cent.

* Includes 14 persons promoted into the research scientist class from other professional classes, retroactive to April 1, 1967; all such persons received a salary increase on promotion.

Insofar as the Department of Agriculture is concerned: 1. (a) not applicable; (b) not applicable; (c) 682.

2. Yes.

3. Approximately 99 per cent.

4. Yes.

5. Approximately 1 per cent.

6. 8 research scientists failed to receive an annual increment on April 1, 1967. The reasons were: lack of merit; at top of grade; leave of absence without pay; retirement leave.

7. Approximately 33⅓ per cent.

C.B.C. EMPLOYEES ABROAD

Question No. 897—**Mr. Orlikow:**

1. What is the number of Canadian Broadcasting Corporation staff employed in the following cities: New York, London, Paris, Washington?

2. Of these, how many are news or broadcasting personnel, how many are technical staff such as cameramen, and how many are administrative and secretarial staff?

3. In each of these cities, are the heads of the Canadian Broadcasting Corporation Bureaus, members of the administrative or broadcasting or news sections of the staff?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: 1. New York, 10 including 5 hired locally; London, 24 including 16 hired locally; Paris, 23 including 18 hired locally; Washington, 6 including 2 hired locally.

2. New York, Broadcasting personnel—6; Technical staff—Nil; Administrative staff—4. London, Broadcasting personnel—13; Technical staff—4; Administrative staff—7. Paris, Broadcasting personnel—9; Technical staff—5; Administrative staff—9. Washington, Broadcasting personnel—4; Technical staff—Nil; Administrative staff—2.

3. In New York, London and Paris the heads of bureaus, or C.B.C. representatives, as they are called, are administrative staff, as is the case in other broadcasting organizations. The Washington bureau is a branch of the New York office, and is administered by New York.

INTER-AMERICAN INDIAN INSTITUTE

Question No. 901—**Mr. Macquarrie:**

1. Have Canadians attended plenary meetings of the Inter-American Indian Institute?

2. If so, at what times and who were the personnel in attendance?

3. Is it the intention of Canada to join the Inter-American Indian Institute?

4. What Canadian organizations or individuals have urged such a course of action?

Hon. Judy V. LaMarsh (Secretary of State): 1. Yes.

2. The 1949 congress in Cuzco, Peru, was attended by the secretary of the Canadian embassy in Peru, and the 1964 congress in Quito, Ecuador, was attended by the director of Indian Affairs and the director of citizenship, of the Department of Citizenship and Immigration.

3. This question is still under consideration.

4. In addition to a few individual requests the following organizations have urged Canadian membership: Indian Eskimo Association of Canada; National Indian Council; Canadian Indian Youth Council; Miss Indian Canada Pageant.

TUNNEL UNDER STRAIT OF BELLE ISLE

Question No. 902—**Mr. Caouette:**

1. Has the Government of Canada held discussions with the Government of Newfoundland regarding construction of a tunnel under the Strait of Belle Isle?

2. Does the Government of Canada intend to participate in this project and, if so, to what extent?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by several departments as follows: 1. No.

2. Not applicable.

NATIONALIZATION OF DOSCO STEEL WORKS

Question No. 903—**Mr. Caouette:**

1. Has the Government of Canada held discussions with the Government of Nova Scotia regarding nationalization of the Dosco steel works?

2. If so, what have these discussions involved?

3. Have any undertakings been made by the Government of Canada in this connection and, if so, what are they?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by several departments as follows: 1. No.

2. Not applicable.

3. Not applicable.

PUBLIC SERVICE BILINGUAL BONUS

Question No. 923—**Mr. Bell (Carleton):**

1. What are the appropriate standards of competence in the two official languages required by the Public Service Commission prior to qualification of a public servant to receive a seven per cent bonus?

2. What examinations or other tests are held to assure (i) attainment (ii) continued retention, of such appropriate standards?

3. What audit or other supervision is conducted by the Public Service Commission of certificates which may be given by Deputy Heads of compliance with required conditions?

4. In how many instances, if any, by departments, has the Public Service Commission disagreed with the certificate of a Deputy Head and with what result?

5. What amount of use of a second official language is required for qualification for bonus?

6. What audit or other supervision is conducted by the Public Service Commission to ensure the actual continuance of such minimum use of a second official language?

7. Has the payment of the bonus been cancelled in any instances for lack of continuance of minimum use of a second official language and, if so, in how many instances?

8. Of the 1,780 persons shown in the answer to question No. 784 as receiving the seven per cent bonus, how many, by departments, are persons whose (a) mother tongue is English and are paid the bonus for competence in the French language (b) mother tongue is French and are paid the bonus for competence in the English language?

Hon. Judy V. LaMarsh (Secretary of State): I have been given the following information by the Public Service Commission: 1. (a) An

employee is deemed to meet the appropriate standard of competence in the two official languages if, at the time of appointment, the essential qualifications included a knowledge of both official languages and he or she had been tested by the Public Service Commission and found to meet this requirement. (b) In all other cases employees are required to submit to a test of competence by the Public Service Commission in the other official language in order to qualify for the differential.

2. (i) (a) Candidates at all levels are required to take or have taken a standard typing test in both official languages at a minimum speed of 35 words per minute with a high degree of accuracy. (b) Stenographers and junior secretaries (St 3, 4 and 5) are required to pass or have passed a shorthand test in both official languages, three minutes in length, at 80 words a minute. (c) Senior secretaries (St 6, 7 and 8) establish competency through a typing test and the certification by the department that they actually compose, type and sign a variety of correspondence and memoranda in both official languages, and have frequent contacts with senior persons outside and inside the Service which require verbal skills in these languages. (ii) No employee, who has qualified by examination for appointment to a position, is given a later test by the commission to determine that he has retained the skills he possessed upon appointment to that position. Therefore, once it has been established that an employee is eligible to receive the bilingual bonus, no further examination or test is given by the commission.

3. The employing department is in the best position to know the extent to which one of its employees is required to use and is actually using a second official language. Once the commission is satisfied that the employee meets the appropriate standards of competence, no audit or other supervision is carried out.

4. See answer to No. 3.

5. The minimum amount of use of a second official language required for qualification for the bonus is 10 per cent of the employee's time in the performance of his or her duties.

6. As this responsibility rests with the deputy head, the Public Service Commission conducts no audit or supervision to ensure the actual continuance of the minimum use of the second official language. However, departments have been requested to review the situation at periodic intervals.

7. The Public Service Commission records do not provide this information. There have been, however, 97 cases in which the allowance was terminated. Termination of the bonus may result because (a) an employee moves from a position requiring the use of the second official language to another which does not; (b) an employee moves to another category in which the bonus is not paid; (c) an employee leaves the service; and (d) an employee fails to continue the minimum use of the second official language.

8. This information is not available.

[Miss LaMarsh.]

CONTRACTS WITH ENAMEL AND HEATING PRODUCTS

Question No. 926—**Mr. Coates:**

What was the total value of work available to Enamel and Heating Products Ltd. in the fiscal year 1960-61 from contracts with the Department of Defence Production and contracts obtained through the production-sharing agreement with firms in the United States, and what is the total value of work from these two sources for the fiscal year 1967-68?

Hon. C. M. Drury (Minister of Industry): In so far as the Department of Defence Production is concerned: The total net value of contracts placed by the head office branches of the Department of Defence Production and through the production sharing agreement with firms in the United States totalled $159,962 in 1960-61 and $678,823 in the April 1-December 31 period of the 1967-68 fiscal year.

FEDERAL TASK FORCE ON AGRICULTURE

Question No. 931—**Mr. Bell (Carleton):**

1. Who are the members of the federal Task Force on Agriculture?

2. What is the principal occupation and experience of each member?

3. Who is the chairman or convenor of the Task Force?

4. What are the terms of reference of the Task Force?

5. Has the Task Force retained research or other advisers?

6. If so, what is the name, principal occupation and experience of each such adviser?

7. What honoraria or other emoluments are being paid to each member of the Task Force or research or other adviser?

8. Will public hearings be held by the Task Force?

9. If so, when and in what places?

10. When is it anticipated that a report will be received from the Task Force?

11. When received, will such report be laid on the Table of the House?

12. What is the total estimated cost of all the work, studies or other services of the Task Force?

Hon. J. J. Greene (Minister of Agriculture): 1. Members of the federal task force on agriculture: Dr. Donald Ralph Campbell, Associate Dean of Arts and Science, University of Toronto, Toronto, Ontario. Mr. Pierre Comtois, C.A., Bélanger, St-Jacques, Sirois, Comtois & Co., Chartered Accountants, Sherbrooke, Quebec. Dr. J. Clayton Gilson, Head, Dept. of Agricultural Economics, University of Manitoba, Winnipeg, Manitoba. Dr. David L. MacFarlane, Head, Dept. of Agricultural Economics, Macdonald College, Quebec. Dr. Donald H. Thain, School of Business Administration, University of Western Ontario, London, Ontario.

2. Dr. Donald Ralph Campbell is professor of political economy and associate dean of arts and science, University of Toronto. He took his B.A. degree at University of Toronto in 1949 and his M.A. at Oxford in 1958. His field is world economic developments. He was an adviser to the government of Jordan from 1962-64; head of the department of agricultural economics at the Ontario Agricultural College, Guelph, 1952-62.

Pierre Comtois, is a partner of Bélanger, St-Jacques, Sirois, Comtois & Co., Chartered Accountants, Sherbrooke. He also is a member of a director of Bélanger, Chabot, Nobert, Angers, management consultants, Montreal. He received his B.A. from Laval University in 1945; his B.A.S. from the University of Montreal (Institut Agricole d'Oka) in 1949; his M.S. from Laval University in 1951. He was made a chartered accountant at Laval University in 1954. Until 1966, he lectured on accounting at Sherbrooke University.

Dr. J. Clayton Gilson is professor and head of the department of agricultural economics at the University of Manitoba, Winnipeg. He took his B.S.A. and M.Sc. degrees at that university and his Ph.D. at Iowa State University. He has specialized in production economics, farm management, credit and land economics.

Dr. David L. MacFarlane is professor and head of the department of agricultural economics, Macdonald College. He took his B.S. degree in 1933 and his M.S. degree the following year at the University of Saskatchewan. He received his Ph.D. in 1940 from the University of Minnesota. He also attended Harvard University and the University of Chicago. He was professor at University of Kentucky 1938-42; an economist with the federal government in 1942-44; director of procurement for the United Nations in 1944-47. A professor at McGill University from 1947 to 1965, he served on the faculty of University of Nigeria, Enugu from 1963 to 1965.

Dr. Donald H. Thain teaches business policy at the school of business administration, University of Western Ontario. He holds master's and doctorate degrees from Harvard University. One of the foremost business consultants in Canada, Dr. Thain was a visiting professor in 1965-66 at IMEDE, Lauzanne, Switzerland, one of the top management schools in the world.

3. The chairman of the task force is Dr. David L. MacFarlane.

4. Terms of reference of the task force (1) The task force will make a comprehensive assessment of Canadian agriculture in terms of its contribution toward the achievement of national goals. Particular recognition will be given to the income and welfare of farmers. In the above work, concern will be with the productivity of the agricultural industry in the context of the adjustments to new technology and maintaining the industry in a strong competitive position in domestic and international markets.

(2) It will study and make recommendations concerning agricultural policies required to achieve long range national and agricultural goals, taking account of the interests of farmers and consumers.

(3) To accomplish the above objectives, the task force will use existing research results and conduct a series of research projects.

5. As of this date no research consultant or other advisor is under contract to the task force for purpose of research. However negotiations are at an advanced stage with several prominent university groups and research consultant firms.

6. The following is a list of research projects in an advanced stage of negotiation with the name of the consultant and his occupation: (a) Dairy Industry Study—Professor Brian B. Perkins, University of Guelph, Guelph, Ontario. (b) Livestock, Poultry and

the Feed Grain Economy—Acres Research and Planning Ltd., Toronto. Research Consultants. (c) Wheat and Oil Seeds Economy Study—Hedlin, Menzies & Associates Ltd., Winnipeg, Manitoba. Research Consultants. (d) Goals of Agricultural Policy—Professor P. J. Thair, University of Saskatchewan, Sask. (e) Federal-Provincial Relations—Mr. Marcel Daneau, University of Laval, Quebec City. (f) Credit and Farm Management Services—Price Waterhouse & Co. Ltd., Montreal. Research Consultants. (g) Demand-Supply Study—Dr. C. B. Haver, MacDonald College, McGill University. Professor in Agricultural Economics. (h) Long Range Projections of Demand—Dr. James P. Cavin. Private Consultant in economic statistical analysis. (Dr. Cavin is working very closely with Mr. Frank Shefrin of the Economics Branch of C.D.A. in this project).

7. The five members of the task force are being paid on the following basis: $150 per diem, accommodation and subsistence allowance of $25 per diem while working at a location other than their normal place of residence and actual transportation expenses while in travel status. See also answer to question No. 5.

8. Due to time limitation public hearings will not be held. However advertisements were placed in a wide coverage of major and weekly newspapers, as well as in all the major daily and weekly agricultural publications. This advertisement solicited submissions on agricultural problems and policies from individuals and organizations and the response to date has been considerable and encouraging.

9. Not applicable.

10. December 1968.

11. Not as yet decided.

12. The total estimated cost is $688,000.

LEVEL CROSSING SIGNALS, HAY RIVER, N.W.T.

Question No. 932—**Mr. Orange:**

1. In view of the recent crossing accident, involving a fatality, between an automobile and a diesel locomotive operated by the Great Slave Railway in the Town of Hay River, N.W.T., is it the intention of the railroad and/or the government to install warning signals at level crossings in the town and vicinity?

2. If so, when and at what estimated cost?

3. If not, for what reason?

[Mr. Greene.]

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows:

1. There are no crossings in the town of Hay River and vicinity presently being considered for automatic protection by the Railway Transport Committee of the Canadian Transport Commission. However, in accordance with the usual practice, an investigation of the crossing accident referred to will be made by one of the committee's district inspectors at which time consideration will be given to the necessity of installing warning signals at that location.

2. See 1.

3. See 1.

GRANTS FOR RESEARCH IN SOCIAL SCIENCES

Question No. 937—**Mr. Schreyer:**

1. In each of the past two years, what grants have been made by the National Research Council for research in the social sciences?

2. How many individuals and how many institutions received such grants?

3. What are the names of these institutions and what was the amount in each case?

4. For what specific areas of research were these grants made?

Hon. C. M. Drury (Minister of Industry): The National Research Council of Canada has awarded a number of grants during the past two years in three fields which may be considered to be in the broad area of the social sciences, viz., certain aspects of archaeology and physical anthropology, physical geography and experimental psychology.

In 1966-67 the council awarded 150 grants to 147 individuals at 22 Canadian universities for research in archaeology and anthropology, geography, and experimental psychology. In 1967-68, 208 grants were awarded to 202 individuals at 25 universities for research in these three fields.

Table I shows the distribution of these grants by universities for 1966-67, and table II shows the distribution of grants awarded in 1967-68.

Details of all grants awarded in 1966-67 are given in the council's publication entitled, "Annual Report on Support of University Research 1966-67". The issue covering grants awarded in 1967-68 will be published in due course.

TABLE I

Grants in Social Sciences Held at Canadian Universities 1966-67

	Archaeology & Anthropology		Geography		Experimental Psychology		
					Operating		Equip-
	No.	Amount	No.	Amount	No.	Amount	ment
Acadia					1	3,000	
Alberta	1	7,500	1	9,000	10	55,600	
British Columbia	1	3,500	1	3,500	4	13,638	
Calgary	1	9,000	1	3,000	8	26,850	
Carleton					3	13,208	
Dalhousie					12	67,685	
Manitoba	1	10,650			6	20,600	
McGill			2	18,500	8	58,709	
McMaster			3	4,650	12	95,200	
Memorial of Nfld.					2	14,000	
Montreal	1	4,000			1	5,000	
New Brunswick					2	7,500	
							(1)
Queen's					6	33,450	5000
Saskatchewan (Sask.)	1	4,000			2	1,258	
Simon Fraser					4	10,120	
Sir George Williams					1	4,600	
							(1)
Toronto					19	137,100	5000
Trent	1	3,500					
Waterloo					13	65,200	
Western Ontario					6	22,542	
Windsor					1	4,500	
							(1)
York					11	69,497	15000
	—	———	--	———	—	———	———
							(3)
	7	42,150	8	38,650	132	729,257	25000

TABLE II

GRANTS IN SOCIAL SCIENCES HELD AT CANADIAN UNIVERSITIES 1967-68

	Archaeology & Anthropology (Operating)		Geography (Operating)		Experimental Psychology Operating		Equipment	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Acadia	—	—	—	—	1	5,540	—	—
Alberta	1	9,000	1	7,000	10	72,200	—	—
Brandon	—	—	1	2,700	—	—	—	—
British Columbia	—	—	2	6,000	12	50,700	—	—
Calgary	2	23,500	2	9,200	9	31,805	—	—
Carleton	—	—	—	—	5	30,100	—	—
Dalhousie	—	—	—	—	14	86,855	—	—
Laval	1	5,000	—	—	—	—	—	—
Loyola	—	—	—	—	1	2,500	—	—
Manitoba	2	16,000	1	1,400	5	17,200	—	—
McGill	—	—	2	23,000	13	98,470	1	18,400
McMaster	—	—	4	17,940	16	154,800	—	—
Memorial (Nfld.)	1	1,350	—	—	1	10,000	—	—
Montreal	2	12,500	—	—	3	16,500	1	6,600
New Brunswick	—	—	—	—	6	18,453	—	—
Ottawa	—	—	—	—	—	—	—	—
Queen's	—	—	3	8,760	6	51,250	—	—
Saskatchewan (Sask.)	1	6,000	—	—	—	—	—	—
Simon Fraser	—	—	—	—	3	20,300	—	—
Sir Geo. Williams	—	—	—	—	2	8,200	—	—
Toronto	—	—	—	—	25	201,888	2	19,000
Trent	1	3,500	—	—	1	3,237	—	—
Victoria	—	—	1	3,000	2	10,000	1	10,000
Waterloo	—	—	—	—	17	83,743	—	—
Western	—	—	—	—	10	54,950	—	—
Windsor	—	—	—	—	1	4,500	—	—
York	—	—	—	—	11	86,590	1	9,000
	11	76,850	17	79,000	174	1,119,781	6	63,000

AIR NAVIGATION FACILITIES, N.W.T.

Question No. 944—**Mr. Orange:**

1. At what locations of Baffin Island, N.W.T., are air navigation facilities located?

2. What is the nature of the specific facilities at Frobisher Bay, N.W.T. at the present time?

3. Are steps being taken to improve air navigation facilities on Baffin Island generally and at Frobisher Bay specifically and, if so, what are they?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Air navigation facilities are located on Baffin Island, N.W.T., at the following locations: Arctic Bay, Brevoort, Broughton, Cape Christian, Cape Dorset, Cape Dyer, Cape Hooper, Dewar Lakes, Frobisher Bay, Longstaff Bluff, Mary River, Pangnirtung and Pond Inlet.

2. The specific facilities located at Frobisher Bay, N.W.T., at the present time are; one radio range station, three non-directional radio beacons, one instrument landing system and one international aeradio station.

[Mr. Drury.]

3. No steps are being taken to improve air navigation facilities on Baffin Island generally and at Frobisher Bay specifically at this time.

N.F.B. PRODUCTION "WAITING FOR CAROLINE"

Question No. 945—**Mr. Fairweather:**

1. How much money was budgeted for the CBC/NFB production Waiting for Caroline?

2. What was the actual cost of the production?

3. What length of time was the film scheduled to take to produce?

4. How long did it actually take?

5. Whom did the National Film Board recommend to direct the production?

6. Who actually did direct the production?

7. Was this person a CBC staff director?

8. Who was the NFB supervising producer of this production?

9. Who was the NFB director of production of this production?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by C.B.C. and N.F.B. as follows: 1. $319,768.58.

2. Final payments have not yet been made. The indicated total cost is $511,252.36.

3. The original shooting schedule was 9 weeks and 2 days and the original completion schedule was 31 weeks.

4. Actual shooting schedule: 15 weeks. Actual completion schedule: 29 weeks, 3 days.

5. George Kaczender and Bernard Devlin.

6. Ron Kelly.

7. No.

8. J. W. Hewitson.

9. J. R. Biggs.

"HOW OUR PARLIAMENTARY RIGHTS WERE WON"

Question No. 959—**Mr. Diefenbaker:**

1. Upon what authority was a circular entitled How our Parliamentary rights were won inserted in the issue of the C.B.C. *Times* dated December 7 to 13?

2. Was the cost of printing of this circular borne in whole or in part by the Canadian Broadcasting Corporation?

3. What percentage of moneys received through the order form in this circular will be retained by the C.B.C.?

4. Under what arrangement will moneys collected in this manner be distributed elsewhere and to whom?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: 1. A brochure in support of the sale of a C.B.C. publication entitled "A Man at Westminster", published by the C.B.C. under the authority of section 29.1 of the Broadcasting Act of 1958, appeared in C.B.C. *Times* for the week of December 2 to 8.

2. Costs of printing the book and supporting publicity material were borne entirely by the corporation.

3. All moneys received, through the use of the order form in the circular, are retained by the C.B.C. to be applied against the costs of production.

4. No other distribution is involved. C.B.C. owns world publication rights in perpetuity.

PRINCE ALBERT RADAR LABORATORY—CANADA-U.S. CIVIL DEFENCE AGREEMENT

Question No. 960—**Mr. Diefenbaker:**

1. What, if any, agreements have been reached between the government or any agency thereof and any private company or individual for the continued operation of the Prince Albert Radar Laboratory?

2. (a) What are the implications for Canadian sovereignty of the civil defence agreement signed August 8th, 1967, by the United States and Canada (b) what specific provisions have been made for joint operations of services or functions by the two countries in the event that the agreement is activated?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of National Defence, External Affairs and Defence Production as follows: 1. An agreement has been reached between the Defence Research Board and the Bell Telephone Laboratories Incorporated for the carrying out of a scientific measurement program for a period of six months, or longer. Order in Council P.C. 1968-8/1 dated 4 January 1968 refers.

2. (a) There are no implications for Canadian sovereignty. The agreement provides for consultation and co-operation in civil emergency planning between the two countries. The purpose of this consultation is to ensure that national plans formulated independently by each country are as compatible as is considered desirable and possible by both countries. The agreement does not provide for integrated planning, and the two countries retain national control over their own civil emergency plans. (b) No specific

provisions have been made for joint operations of services or functions by the two countries. The purpose of the agreement is to identify areas of possible civil co-operation in the event of direct attack involving both countries, and to ensure that in such areas, civil emergency plans are compatible.

ADVISORY COMMITTEE ON PUBLIC SERVICE

Question No. 967—**Mr. Bell (Carleton):**

1. Has an advisory committee been established to consider salaries and other terms and conditions of employment of public service employees excluded from collective bargaining units?

2. If so, what are the names, addresses and ordinary occupations of the members of such committee?

3. What, in detail, are the terms of reference of such committee?

Hon. E. J. Benson (President of the Treasury Board): 1. Yes. The advisory group on executive compensation in the public service.

2. The Honourable J. V. Clyne (chairman), president of MacMillan, Bloedel and Powell River Limited, Vancouver, B.C.; Dr. John Deutsch, principal-designate, Queen's University, Kingston, Ontario; Dr. Roger Gaudry, rector of the University of Montreal, Montreal, P.Q.; Mr. Alan Lambert, president of the Toronto-Dominion Bank, Toronto, Ontario; Mr. Marcel Vincent, president of the Bell Telephone Company of Canada, Montreal, P.Q.

3. To advise the government on—(a) the rates of pay and conditions of employment that should apply to executive personnel in the public service; and (b) the principles that should govern determination of the rates of pay and conditions of employment of other personnel employed in a managerial or confidential capacity in the public service.

HOME IMPROVEMENT LOANS

Question No. 974—**Mr. Douglas:**

1. What was the total value of requests for home improvement loans in each of the years 1963, 1964, 1965, 1966 and 1967?

2. What amount was granted in each year in each province?

Hon. E. J. Benson (President of the Treasury Board): 1. Requests for home improvement loans are submitted by applicants to branches of the chartered banks. The corporation therefore does not have data on the value of such requests.

2. The table following provides the information on the number and amount of home improvement loans approved, by province, in each of the years 1963, 1964, 1965 and 1966. Data for 1967 are not yet available.

NET HOME IMPROVEMENT LOANS APPROVED UNDER THE NATIONAL HOUSING ACT, BY PROVINCE, 1963-1966

Area	1963		1964		1965		1966	
	Number of Loans	Amount $000	Number of Loans	Amount $000	Number of Loans	Amount $000	Number of Loans	Amount $000
Newfoundland	346	662	343	734	346	770	236	548
Prince Edward Island	222	300	222	333	222	336	197	328
Nova Scotia	1,459	1,951	1,263	1,788	1,271	2,150	1,166	2,014
New Brunswick	694	1,186	689	1,286	709	1,402	778	1,610
Quebec	4,107	8,886	4,029	9,341	3,702	8,972	3,118	7,582
Ontario	6,320	9,957	5,588	9,651	5,297	9,320	5,217	10,333
Manitoba	1,425	2,058	1,091	1,681	939	1,501	852	1,414
Saskatchewan	1,085	1,601	1,000	1,593	907	1,493	724	1,271
Alberta	2,588	3,795	2,172	3,421	2,055	3,269	2,218	3,670
British Columbia	3,746	6,261	3,361	6,088	3,363	6,304	3,513	7,112
Yukon Territory	17	35	9	21	8	18	10	18
Northwest Territories	15	30	33	72	27	54	13	31
CANADA	22,024	36,722	19,800	36,009	18,846	35,589	18,042	35,931

[Miss LaMarsh.]

SINGLE FAMILY DWELLINGS UNDER N.H.A.

Question No. 975—**Mr. Douglas:**

1. How many of the new single-family dwellings built under NHA and sold by builders in 1967 were priced (a) under $14,000 (b) $14,000 to $19,999 (c) $20,000 and over?

2. What is the breakdown for these single-family dwellings by province?

3. What is the breakdown for these single-family dwellings in Canada's 18 largest cities?

Hon. E. J. Benson (President of the Treasury Board): 1, 2 and 3. The data for 1967 are not yet available.

HOUSING STARTS AND COMPLETIONS, 1967

Question No. 976—**Mr. Douglas:**

1. What was the number of housing starts and the number of housing completions in 1967?

2. How many of the starts were (a) single-detached houses (b) semi-detached houses (c) duplexes, row houses and apartments?

3. How many of the completions were (a) single-detached houses (b) semi-detached houses (c) duplexes, row houses and apartments?

Hon. E. J. Benson (President of the Treasury Board): 1, 2 and 3. The table following provides data on housing starts and completions, by type of structure, for 1967.

Dwelling Starts and Completions, by Type of Structure, Canada, 1967 (Dwelling Units)

Type of Structure	Starts	Completions
Single-detached	72,534	73,631
Semi-detached and duplex	9,939	9,089
Row	7,392	5,431
Apartment	74,258	61,091
Total	164,123	149,242

APARTMENT STRUCTURES UNDER N.H.A.

Question No. 977—**Mr. Douglas:**

1. (a) Of apartment structures (six or more dwelling units) completed in 1967, how many were financed under NHA (b) what was the cost per unit (c) what was the income classification of the tenants occupying such units?

2. (a) What is the vacancy rate in apartment structures (six or more dwelling units) in Canada's 18 largest cities for each month in 1967 (b) what is the vacancy rate for single-family dwellings, duplexes and apartments with less than six dwelling units in the 18 largest cities in Canada in each month in 1967?

Hon. E. J. Benson (President of the Treasury Board): 1. (a) The data for 1967 are not yet available. (b) The data for 1967 are not yet available. (c) The data on the income classification of tenants occupying apartment structures financed under the N.H.A. are not available.

2. (a) The corporation conducts a vacancy survey of apartment structures of six or more dwelling units in 11 metropolitan areas in June of each year. The table following gives the results of this survey for June, 1967 for both publicly initiated and privately initiated structures. Data for other large cities, and on a monthly basis, are not available.

Vacancy Rates in Apartment Structures of Six Units or More June, 1967 (Per Cent)

Metropolitan Area	Vacancy Rate
Calgary	1.8
Edmonton	2.3
Halifax	2.5
Hamilton	1.4
Montreal	1.2
Ottawa-Hull	1.9
Quebec	2.2
Toronto	1.1
Vancouver	1.0
Windsor	1.0
Winnipeg	1.5

(b) The data are not available.

N.H.A. APPLICATIONS FOR APARTMENT AND PUBLIC HOUSING DEVELOPMENTS

Question No. 978—**Mr. Douglas:**

1. (a) How many requests were made for NHA financed apartment units in 1967 (b) how many were approved (c) how many of those approved were low-rental units (d) of those not approved what were the main reasons for not granting such approval?

2. (a) How many requests for NHA public housing programs in (i) each province (ii) each of the 18 largest cities, were received (b) how many, if any, were refused (c) what were the chief reasons for any such refusals?

Hon. E. J. Benson (President of the Treasury Board): 1 (a) Formal requests in the form of applications for undertakings to insure, or applications for direct C.M.H.C. loans, or applications for federal assistance under section 35A of the National Housing Act were received for 36,974 rental dwelling units in 1967. (b) Loans and investments were approved for 35,460 rental dwelling units. (c)

Questions

Of the rental dwellings for which federal assistance was approved, 9,848 dwelling units were low rental, financed under sections 16A, 35A and 35D of the National Housing Act. (d) The corporation has not refused assistance for any rental application for which a formal request has been received, though in some cases the applicant has decided not to proceed further. Prior to the submission of formal requests, discussions may take place between a potential applicant and Central Mortgage and Housing Corporation. If in the course of these discussions the corporation found that a tentative proposal was ineligible, or unacceptable for other reasons, the prospective applicant would be so advised and would not therefore be likely to submit a formal request for assistance. Records of these discussions, which vary widely in their nature, are not maintained.

2. (a) (b) and (c) Data on formal requests received for assistance under N.H.A. public housing programs are maintained only on the basis of C.M.H.C. field office areas. For the reasons noted in 1(d) above, however, data on these formal requests would differ from data on assistance actually approved only in timing or where the applicant decided not to proceed. So far as assistance under public housing programs is concerned, any eligible application has not been refused. Data on assistance approved under sections 16A, 35A, 35D and 36B are shown in the following table.

[Mr. Benson.]

PUBLIC HOUSING PROGRAMS APPROVED UNDER THE NHA BY PROVINCE AND METROPOLITAN AREA, 1967[1]

Area	Federal Provincial Rental Housing and Public Housing Projects Under Sections 35A and 35D				Non-Profit Corporations Under Section 16A				Student Housing Projects Under Section 36B			
	Dwelling Units		Hostel Beds		Dwelling Units		Hostel Beds		Dwelling Units		Hostel Beds	
	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New	Existing
Newfoundland	328	—	—	—	—	—	—	—	—	—	93	—
Prince Edward Island	—	—	—	—	24	—	—	—	—	—	153	—
Nova Scotia	103	—	—	—	—	—	—	—	—	—	716	—
New Brunswick	—	—	—	—	—	—	209	—	—	—	152	—
Quebec	—	—	—	—	224	2	1,161	107	—	—	725	—
Ontario	6,787	400	—	—	434	—	930	—	1,176	28	4,065	26
Manitoba	—	—	—	—	168	—	383	—	11	—	188	100
Saskatchewan	258	—	—	—	12	5	321	22	24	—	99	91
Alberta	20	—	—	—	1	—	20	—	—	—	660	—
British Columbia	790	50	—	—	241	1	559	64	275	—	269	57
Yukon Territory	—	—	—	—	—	—	—	—	—	—	—	—
Northwest Territories	—	—	—	—	—	—	—	—	—	—	—	—
Canada	8,286	450	—	—	1,104	8	3,583	193	1,486	28	7,120	274
Metropolitan Areas:												
Calgary	—	—	—	—	—	—	—	—	—	—	—	—
Edmonton	—	—	—	—	—	—	—	—	—	—	660	—
Halifax	25	—	—	—	—	—	—	—	—	—	132	—
Hamilton	739	—	—	—	82	—	123	—	—	—	—	—
Kitchener	94	—	—	—	—	—	—	—	64	—	276	—
London	322	—	—	—	—	—	—	—	399	—	1,204	—
Montreal	—	—	—	—	105	—	396	—	—	—	735	—
Ottawa-Hull	175	—	—	—	—	—	—	—	—	—	—	—
Quebec	—	—	—	—	—	—	—	—	—	—	—	—
Regina	—	—	—	—	—	—	115	—	24	—	—	91
Saint John	—	—	—	—	—	—	—	—	—	—	—	—
St. John's	—	—	—	—	—	—	—	—	—	—	93	—
Saskatoon	30	—	—	—	—	—	—	—	—	—	75	—
Sudbury	82	—	—	—	—	—	—	—	—	—	—	—
Toronto	3,956	384	—	—	257	—	572	—	713	—	584	—
Vancouver	790	—	—	—	130	—	499	10	275	—	131	57
Victoria	—	50	—	—	38	—	—	—	—	—	—	—
Windsor	—	—	—	—	—	—	—	—	—	—	—	—
Winnipeg	—	—	—	—	26	—	200	—	11	—	3	100
Total Metropolitan Areas.	6,213	434	—	—	638	—	1,905	10	1,486	—	3,883	248

[1] There was no activity under Section 16 in 1967.

Questions

BUNGALOWS LAND COSTS UNDER N.H.A.

Question No. 980—**Mr. Douglas:**

1. (a) What was the average estimated land cost for new bungalows financed under NHA for 1967 in each province and in each of Canada's 18 major cities (b) what was the percentage change over 1965, 1963 and 1960 in each instance?

2. (a) What were the serviced land costs in the metropolitan areas of Halifax, Quebec City, Montreal, Ottawa-Hull, Toronto, Hamilton, Winnipeg and Vancouver in 1967 (b) what were the percentage increases between (i) 1965 and 1967 (ii) 1960 and 1967?

Hon. E. J. Benson (President of the Treasury Board): 1 (a) and (b) The table following provides data on the average land costs for new bungalows financed under the National Housing Act, by corporation field offices, for 1967. The data are not available by province nor for each of the major cities.

2 (a) and (b) The data for 1967 are not yet available.

ESTIMATED LAND COSTS FOR NEW BUNGALOWS FINANCED UNDER THE NATIONAL HOUSING ACT, 1960-1967

CMHC Field Office	Land Cost 1967 $	Per Cent Change in Land Costs 1960–1967	1963–1967	1965–1967
Halifax	1,968	+ 24.5	− 5.3	− 2.5
Moncton	2,208	+ 65.0	+ 19.6	+ 11.9
Saint John	2,600	+ 89.0	+ 48.7	+ 7.3
St. John's	3,355	+ 116.7	+ 44.9	+ 12.7
Baie Comeau	1,839	—	+ 84.8	+ 14.7
Chicoutimi	1,221	+ 29.2	+ 3.0	+ 4.3
Hull	2,225	—	—	+ 3.0
Montreal	1,899	− 0.7	− 14.3	− 22.7
Quebec	2,335	+ 69.7	+ 18.5	+ 19.5
Rimouski	1,519	—	—	—
St-Lambert	1,889	+ 14.8	+ 6.4	+ 3.5
Sherbrooke	1,461	—	+ 9.7	− 2.9
Trois-Rivieres	1,507	+ 29.9	+ 11.5	+ 6.1
Val d'Or	1,127	—	—	—
Barrie	3,457	+ 103.6	+ 49.3	+ 31.7
Fort William	2,949	+ 27.6	+ 21.7	+ 14.1
Hamilton	5,999	+ 77.7	+ 48.0	+ 24.0
Kingston	3,386	+ 103.7	+ 82.1	+ 26.6
Kitchener	4,538	+ 119.9	+ 107.8	+ 51.0
London	3,732	+ 71.7	+ 33.0	+ 24.0
North Bay	2,524	+ 23.0	+ 16.8	+ 23.2
Oshawa	5,222	+ 64.7	—	+ 19.6
Ottawa	3,535	+ 20.5	+ 10.6	+ 5.4
Peterborough	2,774	+ 140.6	+ 80.6	+ 17.7
St. Catharines	4,853	+ 136.4	+ 88.2	+ 30.9
Sault Ste. Marie	2,972	+ 17.8	+ 10.7	+ 0.7
Sudbury	2,359	+ 89.8	+ 10.8	− 8.8
Toronto	8,306	+ 63.7	+ 67.7	+ 43.8
Windsor	4,567	+ 115.9	+ 105.4	+ 51.6
Calgary	3,585	+ 30.4	+ 24.4	+ 16.7
Edmonton	3,709	+ 23.1	+ 14.8	+ 4.7
Lethbridge	2,231	+ 34.0	+ 39.1	+ 28.1
Red Deer	2,261	+ 36.1	− 1.6	+ 2.4
Regina	2,130	+ 45.6	+ 15.1	+ 8.0
Saskatoon	2,348	+ 73.2	+ 46.8	+ 17.5
Winnipeg	3,111	+ 10.7	+ 6.5	− 4.0
Kelowna	3,378	+ 71.3	+ 47.0	+ 13.6
Prince George	2,993	+ 126.1	+ 79.7	+ 5.2
Trail	2,384	+ 74.0	+ 39.1	+ 17.8
Vancouver	3,979	+ 25.0	+ 17.9	+ 13.2
Victoria	3,255	+ 74.6	+ 41.3	+ 17.8
CANADA	3,155	+ 33.7	+ 17.2	+ 12.0

Questions

COST OF BUNGALOWS UNDER N.H.A.

Question No. 981—**Mr. Douglas:**

1. What was the average cost of new bungalows financed under NHA in 1967 in Canada's 18 major cities?

2. What was the percentage increase over the previous year in each of these cities?

Hon. E. J. Benson (President of the Treasury Board): 1 and 2. The table following provides data on the estimated costs of new bungalows financed under the National Housing Act in 1967, by corporation field offices. The data are not available for the 18 major cities.

ESTIMATED COSTS OF NEW BUNGALOWS FINANCED UNDER THE NATIONAL HOUSING ACT, 1966-1967[1]

CMHC Field Office	Average Total Cost $		Per Cent Change
	1966	1967	
Halifax	16,998	17,784	+ 4.6
Moncton	15,393	16,645	+ 8.1
Saint John	16,410	17,597	+ 7.2
St. John's	19,115	17,963	− 6.0
Baie Comeau	20,013	19,833	− 0.9
Chicoutimi	13,853	14,387	+ 3.8
Hull	16,395	15,783	− 3.7
Montreal	18,066	15,901	− 12.0
Quebec	15,708	16,502	+ 5.1
Rimouski	15,377	15,898	+ 3.4
St-Lambert	16,685	16,733	+ 0.3
Sherbrooke	14,504	14,923	+ 2.9
Trois-Rivieres	15,152	15,824	+ 4.4
Val d'Or	na	16,867	—
Barrie	18,942	19,730	+ 4.2
Fort William	17,452	18,798	+ 7.7
Hamilton	19,947	21,341	+ 7.0
Kingston	19,063	19,751	+ 3.6
Kitchener	18,907	20,544	+ 8.7
London	16,675	18,028	+ 8.1
North Bay	18,552	18,329	− 1.2
Oshawa	19,506	21,272	+ 9.1
Ottawa	19,829	19,973	+ 0.7
Peterborough	16,583	18,442	+ 11.2
St. Catharines	19,395	20,262	+ 4.5
Sault Ste. Marie	17,026	17,917	+ 5.2
Sudbury	19,168	18,357	− 4.2
Toronto	23,056	24,878	+ 7.9
Windsor	21,774	22,620	+ 3.9
Calgary	17,980	18,980	+ 5.6
Edmonton	17,954	18,967	+ 5.6
Lethbridge	16,037	17,530	+ 9.3
Red Deer	17,242	17,629	+ 2.2
Regina	16,594	17,299	+ 4.2
Saskatoon	16,391	16,988	+ 3.6
Winnipeg	18,297	18,622	+ 1.8
Kelowna	19,450	19,700	+ 1.3
Prince George	21,451	21,077	− 1.8
Trail	19,629	20,365	+ 3.7
Vancouver	19,554	20,687	+ 5.8
Victoria	20,732	20,848	+ 0.6
CANADA	18,059	18,529	+ 2.6

[1] Includes land, construction and other costs, but excludes the mortgage insurance fee.

Questions

STATIONERY SALES BY POST OFFICE DEPARTMENT

Question No. 985—**Mr. MacEwan:**

1. Has the Post Office Department increased the price of envelopes and stationery which they sell to the Canadian public?

2. Is the Post Office Department required to pay the 12 per cent Sales Tax on envelopes which they sell to the Canadian people, and is this amount added to the price?

Hon. Jean-Pierre Côté (Postmaster General): 1. Yes.

2. The Post Office Department is required to pay a 12 per cent sales tax on the cost of producing stamped envelopes and this is considered when establishing the selling price to the public. The sales tax does not apply to the value of postage represented by the stamp impression.

C.B.C. RELIGIOUS PROGRAMS

Question No. 991—**Mr. Tucker:**

1. Is there a committee or advisory board that advises the CBC with respect to religious programs?

2. If so, what are the names and addresses of those who serve on this committee?

3. What religious denominations are represented on the committee and by whom?

4. Does this committee select the persons who broadcast on the programs entitled (a) "The Word and the Music" (b) "Morning Devotions" (c) "Plain Talk"?

5. During 1967 how many different people broadcast their their messages over CBO, Ottawa, in the "Plain Talk" program

6. What are the names of those who spoke in "Plain Talk" over CBO, Ottawa, more than 5 times during 1967, and how many times did each speak?

7. Why has "The Word and the Music" been shifted from midnight to 1:00 a.m.?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: 1. Yes. The C.B.C. National Religious Advisory Council advises the corporation on all matters of religious broadcasting. Members are nominated by the major denominations and appointed by the C.B.C. board of directors. The chairman of the council is charged with the responsibility of representing the interests of smaller denominations.

2 and 3. Roman Catholic, Anglican, United, Presbyterian, Lutheran and Baptist churches have direct representation on the council as follows: The Right Rev. H. R. Hunt, Chairman (Anglican), Suffragan Bishop of Toronto, Toronto Diocesan Synod Office, 135 Adelaide Street East, Toronto 1, Ontario; The Rev. Frank Stone, Vice-Chairman (Roman Catholic), National Catholic Communications Centre, 21 Grenville Street, Toronto 5, Ontario; The Rev. Douglas Herron, Secretary (Presbyterian), Calvin Presbyterian Church, 26 Delisle Avenue, Toronto 7, Ontario; The Rev. J. R. Hord (United), United Church of Canada, 85 St. Clair Avenue East, Room 711, Toronto 7, Ontario; The Rev. Keith Woollard (United), Berkeley Studio, United Church of Canada, 315 Queen Street East, Toronto 2, Ontario; The Rev. H. F. Davidson (Presbyterian), Presbyterian Church in Canada, 50 Wynford Drive, Don Mills, Ontario; The Rev. Carl V. Farmer (Baptist), 43 Heath Street East, Toronto 7, Ontario; The Rev. Harold J. Balsdon (Baptist), President, Baptist Convention of Ontario and Quebec, 815 Victoria Avenue, Windsor, Ontario; Dr. Henry Endress (Lutheran), Waterloo University, Waterloo, Ontario; The Rev. J. E. Moss (Roman Catholic), St. Augustine's Seminary, Kingston Road, Toronto, Ontario; The Rev. Peter Meggs (Anglican), Anglican Church House, 600 Jarvis Street, Toronto 5, Ontario; The Rev. Karl Schweder (Lutheran), Church of St. Luke, 3202 Bayview Avenue, Willowdale, Ontario.

4. No. However, policy governing the choice of speakers for such programs is approved at the local level by advisory committees comprising local representatives of the major denominations and the CBC. A basic consideration is broadcast ability.

5. There is no "Plain Talk" program on station CBO, Ottawa. During 1967 there were 12 different speakers on the CBO program, "A Thought for Today", on which speakers comment from a non-denominational religious point of view.

6. Each speaker in the series, "A Thought for Today", broadcasts for five minutes daily, Monday through Saturday. During 1967 the speakers were: Rev. Dale Crampton (Roman Catholic), 7 weeks; Rev. Donald Stirling (United), 4 weeks; Rev. E. K. Lackey (Anglican), 7 weeks; Rev. Kevin Milaney (Roman Catholic), 6 weeks; Rev. W. R. Bell (Presbyterian), 5 weeks; Rev. Raymond O'Connor (Roman Catholic), 4 weeks; Rev. Pat Playfair (Anglican), 7 weeks; Rev. Wilbur Howard (United), 3 weeks; Rev. Hallam Johnston (Anglican), 6 weeks; Rev. Dr. Arthur W. Currie (Presbyterian), 2 weeks; Rev. Michael Peers (Anglican), and Rev. Peter Meggs (Anglican), (one week shared).

7. "The Word and the Music" was designed for scheduling at the conclusion of the broadcast day. The schedule was recently extended by one hour with the addition of a new program, hence the rescheduling an hour later of the concluding program, "The Word and the Music".

REPRESENTATIONS RESPECTING CORRIDOR ROAD THROUGH MAINE

Question No. 993—**Mr. Crouse:**

1. Has the federal government made any representations to United States authorities at Washington for permission to build a "corridor road" from New Brunswick through Maine to Quebec?

2. If so, what was the response to the proposal by American authorities?

Hon. Paul Martin (Secretary of State for External Affairs): 1. No, but I understand this matter has been the subject of informal discussions from time to time between the provincial and state authorities concerned.

2. Not applicable.

PREVAILING RATE EMPLOYEES DEFENCE DEPARTMENT

Question No. 994—**Mr. McCleave:**

1. Approximately how many prevailing rate employees and civil or public servants worked for the Department of National Defence on January 1st in each of the last five years?

2. Has the Department a target for reducing the numbers of such and, if so, what is the target, and how is it to be achieved?

Hon. Léo Cadieux (Minister of National Defence): 1. Jan. 1, 1964, 48,218; 1965, 44,521; 1966, 44,251; 1967, 42,929; 1968, 42,190.

2. Yes, the target strength of employees occupying continuing positions at March 31, 1969 is 34,950. Casual employees are hired on a temporary basis against man year authorities which for 1968-69 is approximately 6,800. Establishments are under continuous review and adjusted in response to organizational changes, work method improvements and economic influences. Civilian positions no longer required are dropped from establishments and the occupants are assisted in finding other employment, or, as a last resort, released. In addition, as a temporary measure to ensure a more rapid reduction in strength than could otherwise be achieved, personnel who leave the department voluntarily or on retirement are, with some exceptions, not being replaced.

Questions

SUPPORT APPLICATIONS TO MEDICAL RESEARCH COUNCIL

Question No. 998—**Mr. Fulton:**

1. What was the total number and total dollar value of applications and renewal applications submitted to the Medical Research Council for support of work to be conducted in the fiscal years 1967-68 and 1968-69 respectively?

2. For each of the years 1967-68 and 1968-69, how many applications for support were (a) approved in full (b) approved in part (c) deferred for later consideration (d) rejected?

3. What was the total dollar value of applications for support approved for 1967-68 and for 1968-69 respectively?

4. What was the total value of applications approved by the Medical Research Council after the autumn 1966 and autumn 1967 reviews by its Grant Review Committee respectively, expressed as a percentage of the total of the dollar value of applications coming under review at each such review period?

5. Is the percentage change in Part 4 above indicative of a change in the judgment standards applied or a change in the caliber of the applications submitted; and to what extent is the change attributable to one or to the other?

Hon. C. M. Drury (Minister of Industry): In so far as the Medical Research Council is concerned:

1 to 5. This question is similar to parts 2 to 6 of question No. 888 asked by the hon. member for Saskatoon and replied to on Wednesday, February 7, 1968, as shown at page 6547 of *Hansard*.

NAVY HYDROFOIL PROJECT

Question No. 1,000—**Mr. MacEwan:**

1. What work has been done during the past year on the R.C.N. hydrofoil project?

2. What are the costs, to date, on this project?

3. Is a project team still assigned to this project and, if so, how many personnel and what are their ranks?

4. Has the government decided to proceed with this project and, if no decision has been made to date, when is one expected?

Hon. Léo Cadieux (Minister of National Defence): 1. Repairs to the ship and weapons systems necessitated by the fire, and the remaining outstanding construction work was continued with a view to completion during the sumer of 1968.

2. To January 31, 1968; $41,686,000.00.

3. Yes, seven as follows: 1 Captain (N), DND; 1 Purchasing and supply officer 7, DDP; 1 Lieutenant commander (N), DND; 1 Purchasing and supply officer 5, DDP; 2 Purchasing and supply officers 4, DDP; 1 Purchasing and supply officer 2, DDP.

4. Yes.

Questions

OVERFLIGHTS OF PLANES CARRYING NUCLEAR WARHEADS

Question No. 1,004—**Mr. Caouette:**

1. Since January 1, 1967, how many American aeroplanes carrying nuclear warheads have flown over Canadian territory?

2. Had authorization been given for these overflights?

3. During the same period, how many Canadian aeroplanes carrying nuclear warheads have flown over American territory?

[*Translation*]

Hon. Léo Cadieux (Minister of National Defence): 1. This information is classified.

2. Yes.

3. None.

[*English*]

CHOICE OF INDUSTRIAL RESEARCH INSTITUTES

Question No. 1,010—**Mr. Hales:**

On what basis did the Department of Industry choose the Universities of McMaster, Waterloo, Windsor and Halifax as the four Industrial Research Institutes at a cost of $746,000?

Hon. C. M. Drury (Minister of Industry): The Department of Industry instituted a program to support the establishment of industrial research institutes at Canadian universities in December, 1966. The program enables the university to establish an institutional framework within which it may undertake contract research on behalf of industry, and is designed to bring about a closer rapport between industry and the engineering faculties of the universities.

To date four universities have applied for and received support under this program, viz. University of Windsor, the Nova Scotia Technical College, McMaster University and the University of Waterloo. Support under this program is available to all Canadian universities having the requisite resources and capabilities.

PILOT LICENCES ISSUED

Question No. 1,020—**Mr. Forrestall:**

1. What was the total number of Student Pilot Permits issued in each of the six DOT Regions for the calendar year 1967?

2. What was the total number of Private Pilot Licenses issued in each of the six DOT Regions for the calendar year 1967?

3. What was the total number of Commercial Licenses issued in each of the six DOT Regions for the calendar year 1967?

4. How many aircraft registration markings were allocated by each of the six DOT Regions for the calendar year 1967?

[Mr. Cadieux (Terrebonne).]

Mr. J. A. Bryne (Parliamentary Secretary to Minister of Transport): 1. Moncton, 412; Montreal, 1,175; Toronto, 2,952; Winnipeg, 1,325; Edmonton, 1,300; Vancouver, 1,858; Total, 9,022.

2. Moncton, 267; Montreal, 664; Toronto, 1,729; Winnipeg, 851; Edmonton, 764; Vancouver, 1,140; Total, 5,415.

3. Moncton, 83; Montreal, 264; Toronto, 361; Winnipeg, 178; Vancouver, 351; Edmonton, 157; Total, 1,394.

4. Moncton, 14; Montreal, 132; Toronto, 333; Winnipeg, 247; Edmonton, 157; Vancouver, 119; Total, 1,002.

FARM CREDIT CORPORATION LOANS

Question No. 1,023—**Mrs. Wadds:**

What was the total amount loaned by the Farm Credit Corporation each year beginning 1960 to the end of 1967?

Hon. J. J. Greene (Minister of Agriculture): In so far as the Farm Credit Corporation is concerned: Fiscal year and loans disbursed, 1960-61, $52,305,266; 1961-62, $68,886,875; 1962-63, $78,428,094; 1963-64, $96,315,635; 1964-65, $139,750,639; 1965-66, $201,687,642; 1966-67, $234,447,269; 1967-68 to Dec. 31, 1967 (9 months), $210,361,979.

REQUIREMENT FOR SOCIAL INSURANCE NUMBERS

Question No. 1,025—**Mr. Thompson:**

1. Is it compulsory for every adult Canadian to apply for a Social Insurance number?

2. What is the penalty for those who do not apply for a Social Insurance number?

3. How many known cases are there of people who are required to have a Social Insurance number who have not applied or who refuse to apply for a number?

4. (a) Are there citizens who are being penalized for not having a Social Insurance number (b) what is the amount of the penalty (c) how many Canadians are being prosecuted in the Courts for not possessing a Social Insurance number or for refusing to apply?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Unemployment Insurance Commission as follows: 1. No. However, every employer who is employing a person in insurable employment shall require that employee, if he has not already been assigned a social insurance number, to complete and sign an application for registration

and the assignment to him of a social insurance number and shall forward that application on behalf of that employee to the local office of the Unemployment Insurance Commission.

2. A person employed in insurable employment under the Unemployment Insurance Act, who refuses to apply for a social insurance number, may be prosecuted and on summary conviction is liable to a fine not exceeding $500 or to imprisonment for a term not exceeding six months or to both fine and imprisonment.

3. Nine (under the Unemployment Insurance Act).

4. (a) None (under the Unemployment Insurance Act). (b) N/A. (c) One (under the Unemployment Insurance Act).

WORLD CONFERENCE ON HUMAN RIGHTS

Question No. 1,027—**Mr. Mandziuk:**

1. Will the Government of Canada be sending a delegation to the World Conference on Human Rights in Teheran to be held on April 22, 1968?

2. How large will the delegation be?

3. Will non-parliamentarians be invited to join the delegation either as members or observers?

Hon. Paul Martin (Secretary of State for External Affairs): 1. The Canadian government will be sending a delegation to the United Nations conference on human rights, to be held in Tehran from April 22 to May 13, 1968.

2. The size of the delegation has not yet been determined.

3. The delegation will probably include one or two private individuals with wide experience in the field of human rights. Provincial governments are also being consulted as to whether they wish to attach observers to the delegation, on the understanding that the expenses of these observers would be the responsibility of the provincial governments concerned.

U.S.S.R. CONSULATE, MONTREAL

Question No. 1,028—**Mr. Mandziuk:**

Has the U.S.S.R. set up a Consulate in the City of Montreal and, if so, how large is the Consular staff?

Hon. Paul Martin (Secretary of State for External Affairs): The U.S.S.R. established a consulate general in Montreal in 1967. At present it has a staff of six.

CANADIAN CONSULATE IN RUSSIA

Question No. 1,029—**Mr. Mandziuk:**

1. Has Canada set up a Consulate outside of Moscow in the U.S.S.R.?

2. If so, where and who is on the staff?

3. If not, for what reasons?

Hon. Paul Martin (Secretary of State for External Affairs): 1. No, although our right to do so has been accepted by the Soviet government.

2. N/A.

3. The opening of Canadian missions abroad is decided upon by assessing Canadian needs and priorities, taking account of the financial and personnel resources available. At present, resources are not available for the establishment of any new Canadian mission.

ST. ANDREWS AIRPORT, MANITOBA

Question No. 1,030—**Mr. Churchill:**

1. What steps will be taken in 1968 to make the airport at St. Andrews in Manitoba, adequate for the Winnipeg Flying Club's activities and for private owners of light aircraft?

2. Is it the intention of the Department of Transport to transfer all basic flight training to civilian planes to St. Andrews airport?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. It is planned to undertake the paving of two runways, taxiways and apron in the fiscal year 1968/69 and these will be capable of accommodating all types of light aircraft (up to 12,500 lbs.) except light jets.

2. Yes. This may, however, take a little time and could not be undertaken until the construction work planned for this year has been completed.

LEASING OF PREMISES, WINNIPEG AIRPORT

Question No. 1,031—**Mr. Churchill:**

1. Will the government arrange for long-term leasing of premises at the Winnipeg International Airport so that business firms engaged in flying activities, and in servicing aircraft, may provide suitable accommodation for such purposes?

2. Will the government declare its policy in regard to long-term leasing at the above-mentioned airport at an early date so that any construction planned by government or civilian firms may be commenced by June, 1968?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes. Within the limits considered feasible in plans for the future use and growth of the airport and to

the extent that facilities can be made available, taking into account particularly the fact that the major purpose of the airport is support of commercial scheduled services and that use by general aviation and light aircraft must be supplementary to this.

2. A special consultant study on future development at Winnipeg is presently in preparation which will be completed this spring and will assist in the determination of policy so that a public announcement can be made.

*BARLEY—FINAL PAYMENT ON 1966-67 CROP

Question No. 1,035—**Mr. McLelland:**

When will the Canadian Wheat Board be issuing the final cash settlements to the Western barley producers on their deliveries through the Board in the 1966-67 crop year?

Mr. Bruce S. Beer (for the Minister of Trade and Commerce): The Canadian Wheat Board closed the 1966-67 pool account for barley on January 31. It is expected that the final payment cheques for barley will be mailed to producers commencing early in March.

EGG IMPORTS

Question No. 1,037—**Mr. Scott (Victoria (Ont.)):**

1. How many eggs were imported into Canada during 1967?

2. From what countries were these eggs imported?

3. What was the average cost per dozen per country?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The number of "eggs in the shell" imported into Canada for the period January to November, 1967 (latest available statistics) totalled 11,432,585 dozen. Import statistics class 53-19, "eggs in the shell", includes both hatching eggs and eggs in the shell fresh.

2 and 3. The countries from which these "eggs in the shell" were imported and the average cost per dozen per country, January to November, 1967 is as follows:

Country	Quantity* doz.	Value $'000	Average Cost Per Dozen $
Republic of South Africa	270,000	84	.311
Hong Kong	58,027	36	.620
Australia	44,940	27	.601
United States	11,059,558	6,526	.590

* Small quantity shipments are not listed separately but are included in total.

RED CIRCLING OF TECHNICAL OFFICER POSITIONS

Question No. 1,039—**Mr. Bell (Carleton):**

1. Were any positions previously classified as technical officer between grades 5 to 9 inclusive in the (a) telecommunications (b) construction (c) airport and field operations (d) civil aviation branches of the Department of Transport red-circled in the classification review?

2. If so, what was (a) the number in each branch and grade (b) the number at (i) Ottawa Headquarters (ii) regional or field offices (c) the average length of service of the incumbents of the red-circled positions?

3. In each branch and grade, how many incumbent employees have been relieved of the red-circled status of their position?

4. What plans does the Department have to relieve other employees whose positions remain red-circled?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. (a) Yes. (b) Yes. (c) Yes. (d) No.

[Mr. Byrne.]

2. (a) Telecommunications—2 technical officers 8; 1 technical officer 7; 7 technical officers 6; 5 technical officers 5. Construction—4 technical officers 6. Airports and Field Operations—3 technical officers 9; 7 technical officers 8; 14 technical officers 7; 11 technical officers 6; 4 technical officers 5. (b) (i) 28 at Ottawa headquarters. (ii) 30 at regional headquarters. (c) Average length of service 14.6 years.

3. The following have been relieved to the red-circle status: Telecommunications—2 technical officers 8; 1 technical officer 7; 1 technical officer 6. Construction—4 technical officers 6. Airport and Field Operations—9 technical officers 7; 1 technical officer 5.

4. The department follows the following courses of action to relieve other red-circle situations:—(1) By requesting a review of the conversion action, (2) by giving the employees an opportunity to place their names

in a special inventory maintained by the Public Service Commission, (3) by adopting special procedures to ensure that red-circled employees are made aware of all promotional opportunities for which they are qualified.

HARBOURS AND RIVERS EXPENDITURES, CUMBERLAND COUNTY, N.S.

Question No. 1,042—**Mr. Coates:**

What was the total expenditure by the Harbours and Rivers Division of the Department of Public Works in the County of Cumberland in the fiscal years 1957-58, 1958-59, 1959-60, 1960-61, 1961-62 and 1962-63?

Hon. G. J. McIlraith (Minister of Public Works): The expenditures for the period 1957 to 1968 were as follows: 1957-58, $22,228; 1958-59, $77,770; 1959-60, $68,014; 1960-61, $220,745; 1961-62, $40,710; 1962-63, $30,313; 1963-64, $99,400; 1964-65, $46,900; 1965-66, $104,300; 1966-67, $23,300; 1967-68, $264,800 (estimated).

CANADIANS SERVING IN VIET NAM WAR

Question No. 1,047—**Mr. Mather:**

How many Canadians are known to be serving in North or South Viet Nam in the present conflict there?

Hon. Paul Martin (Secretary of State for External Affairs): The Canadian government has, of course, no records on the number of Canadians who may be serving in armed forces in Viet Nam. An informal inquiry addressed to the United States authorities indicates that their services' personnel records are not maintained in a form which permits recovery of data relating to nationality.

*DISPOSITION OF GREAT RING OF CANADA

Question No. 1,051—**Mr. Smallwood:**

1. Now that The Great Ring of Canada has been placed on temporary display at the National Library until August 31, would the government advise as to the permanent disposition of this gift?

2. Is the government pursuing the matter, in consultation with the Speakers of the Senate and the House of Commons, as to the possibility of placing it permanently in the Houses of Parliament?

3. When will such a decision be announced to the Canadian people?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): 1. Active consideration is being given to the ultimate disposition of centennial gifts to Canada, including the Great Ring of Canada presented by the government of the United States.

2. Yes.

3. As soon as these consultations have been brought to a conclusion.

PENSION FUND FOR HALIFAX PILOTS

Question No. 1,052—**Mr. McCleave:**

1. From what fund are retired Halifax pilots paid a pension?

2. How was the fund raised, how much was in it at the end of the last five fiscal years, how many were paid from such fund in each of those years, and what was the average amount paid?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Retired Halifax pilots are paid from the Halifax pilots' pension fund.

2. This fund was raised by contributions from the Halifax pilotage fund. The balance in the fund at the end of each of the last five years, the number paid from the fund, and the average amount paid annually were as follows:

Year	Balance in fund	No. paid from fund	Average amount paid
1962	$211,134.07	22	$609.73*
1963	207,767.91	22	604.42
1964	212,649.32	21	626.06
1965	218,271.82	21	617.53
1966	219,019.02	23	612.81

* In addition, a lump sum payment of $5,947.00, in lieu of pension, was paid to Mr. R. M. Betts, retiring pilot.

PHASING OUT OF FALCONBRIDGE RADAR STATION

Question No. 1,055—**Mr. Fawcett:**

1. Is it the intention of the Department of National Defence to phase out the R.C.A.F. Falconbridge radar station?

2. If so, has any representation been made by any level of government (municipal or provincial) or any organization, for usage of the existing facilities at the Base?

Hon. Léo Cadieux (Minister of National Defence): 1. No.

2. Not applicable.

Questions

*LONDON, ONT.—STUDY OF AIRPORT USE

Question No. 1,057—**Mr. Irvine:**

1. Is a study and program under way by the staff of the Department of Transport or by independent consultants of the future requirements of the London Ontario Airport?

2. Has any further study been made for the use of the London Airport as an alternate to Toronto International Airport for international and other long-range flights?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1 and 2. While no program is at present under way with regard to the future requirements of the London, Ontario, airport, or its use as an alternate to Toronto international airport, these matters nevertheless are subject to continual review in the department's over-all airport planning.

LANGUAGE QUALIFICATIONS, EDMONTON POSTAL EMPLOYEES

Question No. 1,061—**Mr. Lambert:**

How many employees of the Edmonton Post Office and postal stations having contact with the public in the normal course of their duties (outside of letter carriers) have a working knowledge of the English language and (a) French (b) Ukrainian (c) German (d) other?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): (a) 9; (b) 27; (c) 6; (d) 15.

[*English*]

ADMINISTRATION OF CHARLES CAMSELL HOSPITAL, EDMONTON

Question No. 1,062—**Mr. Lambert:**

1. Is any consideration being given to transferring the administration and operation of the Charles Camsell Hospital, Edmonton, to the Government of the Province of Alberta or any agency thereof?

2. If so, what factors would influence such consideration?

3. Has any decision been reached and (a) if so, what is it (b) if not, when may one be expected and announced?

[*Translation*]

Hon. Allan J. MacEachen (Minister of National Health and Welfare): 1. No.

2. Not applicable.

3. No. (a) Not applicable. (b) Not applicable.

[*English*]

LANGUAGE QUALIFICATIONS, TAXATION AND CUSTOMS EMPLOYEES, EDMONTON

Question No. 1,063—**Mr. Lambert:**

1. How many employes of the Taxation Division, Department of National Revenue, Edmonton District Office, have a working knowledge (oral and written) of English and (a) French (b) Ukrainian (c) German (d) other language?

[Mr. Cadieux (Terrebonne).]

2. Of this number, as in Part 1, how many have contact with the public in the ordinary course of their duties?

3. What are the relevant figures for the Customs and Excise Division in the same district?

Hon. Jean Chrétien (Minister of National Revenue): 1 and 2.

	Question No. 1 Working Knowledge Oral and Written	Question No. 2 Contact with the Public
English	291	202
(a) French	11	8
(b) Ukrainian	8	5
(c) German	3	2
(d) Other	6	1

3. Number of employees with a working knowledge (oral and written) of English and (a) French—1 (b) Ukrainian—3 (c) German—nil (d) other language—1 Dutch, 1 Polish, 1 Finnish.

Three of these employees have contact with the public in the ordinary course of their duties.

PERSONNEL CHANGES, CAMSELL HOSPITAL, EDMONTON

Question No. 1,064—**Mr. Lambert:**

1. How many (a) medical staff (b) nursing staff (c) administrative staff, have resigned or left the service at the Charles Camsell Hospital since July 1, 1967?

2. How many of the above categories have given in their notices of resignation and how many of these are effective on or about July 1, 1968?

[*Translation*]

Hon. Allan J. MacEachen (Minister of National Health and Welfare): 1. (a) 2; (b) 29; (c) 6.

2. 3—Nurses, effective in March 1968.

[*English*]

INCOME TAX RETURNS IN FRENCH

Question No. 1,065—**Mr. Lambert:**

1. Are tax return forms in the French language immediately available for the public at the Taxation Division offices and the normal additional outlets for such forms at Edmonton and, if so, when were they made available for the 1967 taxation year?

2. Have they been immediately available on request in the past?

Hon. Jean Chrétien (Minister of National Revenue): 1. Yes, January 29, 1968.

2. Yes since the above date and about that date each year.

LANGUAGE QUALIFICATIONS, CONSUMER DEPARTMENT OFFICIALS

Question No. 1,067—**Mr. Caouette:**

1. Of the senior officials appointed since last December to the Department of Consumer and Corporate Affairs, what proportion are English-speaking?

2. At the section head level in this Department, have instructions been given for respecting the essential requirements of bilingualism?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): 1. Nil.

2. The responsibility for ensuring that the essential requirements of bilingualism are maintained has been vested in the director of the personnel branch.

At the time the Department of Consumer and Corporate Affairs was established all senior officers with the exception of one were with the Department of the Registrar General. Of the eleven senior officers, four were English speaking and the balance French speaking. Since December 21, a twelfth senior officer has been appointed and is French speaking.

RETIREMENT OF NAVAL MEMBERS OF ARMED FORCES

Question No. 1,068—**Mr. McCleave:**

Has the government decided to retire those serving in the sea environment of the Canadian Armed Forces five years earlier than those serving in other environments, and if so, for what reason?

Hon. Léo Cadieux (Minister of National Defence): No.

HEATING SYSTEM CHANGE, FEDERAL BUILDING, NORTH SYDNEY, N.S.

Question No. 1,071—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the heating system at the North Sydney Federal Building been converted from coal to oil?

2. Will there be a reduction of casual firemen or any other staff at the North Sydney Federal Building as a result of change?

3. Have the coal stokers, motors, etc., that were in use at the North Sydney Federal Building been turned over to Crown Assets Disposal Corporation and, if not, what arrangements have been made for the disposal of such equipment?

Hon. G. J. McIlraith (Minister of Public Works): 1. Yes.

2. Yes, three seasonal firemen who are being offered alternate employment in the area.

3. No. They become the property of the contractor under the terms of the contract.

PURCHASE OF POST OFFICE SITE, YAMACHICHE, QUE.

Question No. 1,078—**Mr. Mongrain:**

1. On what date did the Department of Public Works purchase a piece of land which was to be used for the building of a new post office at Yamachiche?

2. What was the purchase price?

3. Is the house which is situated on this piece of land heated by the Department of Public Works?

4. What is the name and address of the heating oil supplier?

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): 1 and 2. On October 23, 1967, Lot 797, property of Eugene H. Bourassa, was expropriated for $8,000.

3. No, the building was demolished in 1967.

4. Not applicable.

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

INFORMATION SERVICE, DEFENCE DEPARTMENT

Question No. 500—**Mr. Harkness:**

1. (a) For each of the years 1964 to 1967 inclusive, what individuals were employed from time-to-time in the Information Services and/or Public Relations Division of the Department of National Defence (b) what position has been and is now held by each such employee, for what period and at what salary or remuneration?

2. (a) For each of the years 1964 to 1967 inclusive, what persons, firms or corporations, if any, other than the departmental Information Services or Public Relations Division, have been employed and/or retained for the purpose of preparing, disseminating or in any manner dealing with the Information Services and/or Public Relations of the department (b) what are the names of such persons, firms and corporations, if any; for what purpose and period was the employment and what was the cost in each instance (c) were public tenders called for the services described in (a) and (b) and, if not, upon what basis and by whom was the selection made?

3. (a) For each of the years 1964 to 1967 inclusive, how many press releases have been prepared for or on behalf of the Department and/or the Minister; by whom were the same prepared and at what cost (b) for each of the years 1964 to 1967 inclusive, what radio and television time has been purchased by the Department; for what purpose and for what cost (c) for each of the years 1964 to 1967 inclusive, what advertising or other space was purchased in domestic and foreign newspapers, magazines and other publications; for what purpose and for what cost?

4. (a) For each of the years 1964 to 1967 inclusive, what was the cost of travel of the Minister and his staff and of any of the personnel described in (1) and (2) above (b) what trips were undertaken and for what purpose?

Orders for Returns

5. For each of the years 1964 to 1967 inclusive, what advertising or any other related contracts have been awarded by the Department; to whom were the same awarded, for what purpose and for what cost? Were public tenders called in each instance and, if not, upon what basis and by whom was the contract awarded?

6. Does the Department maintain and/or operate any office located elsewhere than in Ottawa for the purpose, in whole or in part, of promoting the public relations of the Department and/or the Minister and, if so, where are such offices located; what is the cost of the maintenance and operation of such offices; how many are employed in each such office and at what salary or remuneration in each case?

Return tabled.

SHIPMENT OF POISONOUS MATERIALS BY COMMON CARRIERS

Question No. 830—**Mrs. MacInnis (Vancouver-Kingsway):**

1. Are there regulations to prevent the shipment of insecticides and other poisonous substances along with foodstuffs in common carriers?

2. If so, what are these regulations?

3. What are the penalties for infringing such regulations?

4. What regulations, if any, govern warnings on containers used for shipping poisonous materials in common carriers?

5. What are the penalties for infringing such regulations

Return tabled.

EXPLORATION PERMITS, ARCTIC ISLANDS

Question No. 900—**Mr. Fulton:**

In connection with the proposed oil and gas exploratory work in the area of Canada's Arctic Islands to be carried out by Panarctic Oils Ltd., as announced recently by the Minister of Indian Affairs and Northern Development:

1. Have any permits been issued to date for exploration rights in the area in question?

2. If so, are such permits held by or in the names both of individual persons or corporations, and of consortiums of persons or corporations?

3. If the answers to Parts 1 and 2 are in the affirmative, what are (a) the names of such individual persons or corporations holding such permits (with addresses in the case of persons); (b) the names of the members of each such consortium holding a permit, with the percentage interest held by each member of each consortium respectively; and (c) the total acreage covered by the permit or permits held by each such individual person or corporation and by each such consortium respectively?

4. In respect of each corporation named in Part 3, what are the names and addresses of the members of its Board of Directors?

Return tabled.

[Mr. Harkness.]

PUBLIC SERVICE

IMPLEMENTATIONS OF RECOMMENDATIONS OF GLASSCO COMMISSION

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the right hon. Prime Minister whether he will order a personal review of the status of recommendations of the Glassco commission and previous reports of the Auditor General and of the standing committee on public accounts, to ascertain the reasons for the delay in implementing such a substantial number of these recommendations.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to make that personal review, Mr. Speaker.

LABOUR CONDITIONS

CAPE BRETON, N.S.—LOSS OF RAILWAY JOBS THROUGH SHIPMENT OF COAL BY TRUCK

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Energy, Mines and Resources and ask whether he has received any complaints from Glace Bay in Cape Breton, alleging that up to 50 per cent of the operating trades on the Cumberland railway are idle due to the fact that the coal from No. 20 colliery is being shipped by truck. I would also like to ask the minister if the decision to ship this coal by truck was made by the Cape Breton Development Corporation and, if so, what action is he or the corporation taking with respect to employment for those who are adversely affected?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I have no personal knowledge of this matter, but I shall inquire and answer the question tomorrow.

CRIMINAL CODE

REPRESENTATIONS BY CLERGY AGAINST AMENDMENT RESPECTING ABORTION

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I gave notice of the question I want to put to the Minister of Justice. In his absence I will direct it to his parliamentary secretary.

Can he tell us if the Canadian bishops have asked to appear as witnesses before the parliamentary committee which is now studying the bill on abortion? If so, has the chairman of the said committee asked them officially to submit their brief on that controversial matter?

Mr. Speaker: I feel I have to point out to the hon. member that his question deals with the proceedings of a committee now in session and is therefore out of order.

[*English*]

HOUSE OF COMMONS

ESTABLISHMENT OF OFFICE OF PARLIAMENTARY OMBUDSMAN

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the right hon. Prime Minister. In view of his repeated statements that the government would be reporting on its intention to establish the office of a parliamentary ombudsman; in view of the announced intention that such an office will be established in a number of other provinces, and now in view of the intention of Senator Croll to recommend the establishment of an ombudsman committee, would the Prime Minister tell us what are his intentions, before he leaves his office as Prime Minister?

Right Hon. L. B. Pearson (Prime Minister): I should like to take that question as notice, Mr. Speaker.

FINANCE

STEPS TO BRING REVENUE IN LINE WITH EXPENDITURES

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct this question to the Minister of Finance. In view of his announcement of Friday last that after ten months of the present fiscal year the government has a deficit of $141.2 million compared to the position of exactly one year ago when the government reported a surplus of $134.6 million, does the government intend in the very near future to take steps to bring revenue more in line with expenditures?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker; that is the intention.

Mr. Hees: In view of the fact that as recently as January revenues were plus $55 million and expenditures had increased by $107 million, does the government not think this is a matter which is worthy of more than a smile by the Minister of Finance, and a little more action?

Mr. Speaker: Order, please.

Mr. Sharp: Mr. Speaker, after all we did propose some revenue measures to the house, which were not adopted.

NATIONAL DEFENCE

NATO—DISCUSSIONS RESPECTING REDUCTION IN CANADIAN FORCE

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Is the Canadian military team now in Europe, or to be there this week, for the purpose of discussing with NATO officials a reduction in Canadian forces in Europe?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, a team is going to Europe to discuss with the NATO military committee the commitment that was suggested on the political level at the December meeting. That is the purpose of the visit.

Mr. Harkness: Mr. Speaker, might I ask the minister to be a little more explicit. Does he mean they will be there for the purpose of discussing a reduction in the Canadian contribution to NATO?

Mr. Cadieux (Terrebonne): As I said at the time, Mr. Speaker, we had proposed to NATO the use of an air transportable brigade instead of two heavy brigades as reserve. This plan if accepted must be worked into the general plan. That is the reason the team is going to Europe to discuss the matter with the military committee.

COMMONWEALTH RELATIONS

ASSISTANCE FOR PERSONS OF ASIATIC ORIGIN IN KENYA

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, my question is for the Secretary of State for External Affairs. Has the Commonwealth secretariat taken any steps to convene conversations or negotiations among the Commonwealth countries with a view to alleviating the plight of approximately 100,000 persons of Asian origin presently living in Kenya?

Inquiries of the Ministry

Hon. Paul Martin (Secretary of State for External Affairs): I will take that question as notice, Mr. Speaker.

Mr. Nesbitt: In view of the fact that the Secretary of State for External Affairs has taken the question as notice, if negotiations have not been initiated by the secretariat would the Canadian government undertake to make appropriate recommendations so these conversations or negotiations may commence?

Mr. Martin (Essex East): I will take that under consideration, Mr. Speaker.

TELEVISION

REPORTED STATEMENT BY CONSUMER AFFAIRS MINISTER RESPECTING EDUCATIONAL BROADCASTING

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to ask the Minister of Consumer and Corporate Affairs whether he was enunciating government policy in the province of Quebec when he gave his views in respect of Quebec's jurisdiction over educational television.

Mr. Speaker: Order, please. This question can only be asked of the Prime Minister.

Mr. Grafftey: Then, Mr. Speaker, I should like to ask the right hon. Prime Minister whether the Minister of Consumer and Corporate Affairs was enunciating government policy in the province of Quebec when he gave his views a few days ago on Quebec's jurisdiction over educational television.

Right Hon. L. B. Pearson (Prime Minister): The views were not those reported in the press.

Mr. Grafftey: Mr. Speaker, in order to encourage national stability in the weeks ahead can the Prime Minister assure the house that he has cautioned the ministers who are running for the leadership of the Liberal party, when referring to areas of policy to be articulate in enunciating cabinet solidarity positions?

Mr. Pearson: Mr. Speaker, my hon. friend was discussing what may or may not be done in respect of a new Canadian constitution.

[Mr. Nesbitt.]

FINANCE

REQUEST FOR STATEMENT ON ECONOMIC AND FINANCIAL POLICY

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Finance arising out of reports in this morning's paper that he is contemplating setting up some kind of advisory council to deal with present economic inflationary and related situations. I should like to ask him whether it is his intention to outline that policy to this house and, if so, when he intends to do so.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the government's whole approach to the present situation will be revealed I hope very soon.

Mr. Lewis: Mr. Speaker, I should like to ask the minister whether his answer means that the revelation about general government economic and financial policy will come at the same time as a new revenue measure, or whether it will precede it. Will the minister inform the house when we may expect to learn about these important matters?

Mr. Sharp: The only answer I can give, Mr. Speaker, is that the whole matter is under active consideration in cabinet and that an announcement can be expected soon.

PERPETUAL BONDS—SUGGESTED REDEMPTION OR INCREASE IN INTEREST RATE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to direct my question also to the Minister of Finance. In view of the fact that new government bonds issued to replace those expiring on September 15, 1967 are today worth only $48 per $100 bond, is the government giving any thought to redeeming these bonds in the near future or to paying an interest bonus to Canadians who are now required to lend their savings to the government at less than half the current rates?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I think that is the sort of question which ought to be put on the order paper. I cannot identify the bonds. They would have to be identified much more clearly.

Mr. Crouse: For the benefit of the minister, I have two of the bonds here.

Mr. Speaker: Order, please. Perhaps the hon. member would like to take this up in private conversation with the minister.

Mr. Crouse: In order to restore some confidence in government of Canada securities, would the minister consider replacing these bonds on a two for one basis at the current rate of interest? The bonds are 3 per cent perpetual bonds.

Mr. Speaker: Order, please.

[*Translation*]

HARBOURS

MONTREAL—REQUEST FOR GREATER LOCAL AUTONOMY

On the orders of the day:

Mr. Roger-E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, I should like to put a question to the hon. Minister of Transport.

In view of the fact that the authorities of the city of Montreal have already expressed the wish and the need for closer co-operation with the National Harbours Board, does the hon. minister intend to comply with the request for a certain degree of autonomy in the management and administration of Montreal harbour, at least with regard to the activities affecting the Montreal area?

[*English*]

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, this is very similar to questions asked last week. I indicated that we were looking at the longer term question and studying the administration of ports in Canada and the different kinds of administrations now in existence. Once that inquiry has been completed I will be in a better position to know what changes, if any, might be recommended for the consideration of the government in the future.

Mr. J. R. Keays (Gaspé): Mr. Speaker, now that the Minister without Portfolio has shown some interest in labour problems in Montreal, as evidenced by his walk along the waterfront on the week end, I should like to ask the Minister of Labour to indicate whether meetings have been held or will be held with the harbour council. If so, has everything possible been done to see that all these problems are settled before the opening of navigation?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the port council asked for a meeting with the Minister of Transport and myself and one or two colleagues from the city of Montreal. That meeting is to take place today.

[*Translation*]

Mr. Régimbal: Mr. Speaker, may I put a supplementary question to the hon. Member of the Administration?

Did the hon. minister, when he visited Montreal harbour, have the opportunity of suggesting the establishment of a permanent industrial relations commission comprising the authorities of the port of Montreal and representatives of the employers federation and unions with a view to anticipating difficulties instead of expending such energies in solving them?

[*English*]

Hon. B. S. Mackasey (Member of the Administration): Mr. Speaker, what I suggested on the week end will be revealed in due course.

[*Later:*]

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister without Portfolio from Verdun. Has the hon. gentleman any report to make to the house as a result of his investigations and tours of the Montreal waterfront over the week end?

Mr. Speaker: Order, please. I expect the hon. member will remember that not long ago a similar question was asked in the house.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I should like to ask the Minister of Veterans Affairs whether he has now received the Woods commission report.

Hon. Roger Teillet (Minister of Veterans Affairs): No, Mr. Speaker, I have not yet received it. I will make an announcement as soon as I do.

Mr. Chatterton: A supplementary question, Mr. Speaker. In view of the fact that the translation has been delayed for almost five months could the minister, pending the tabling of the report in both languages, give consideration to tabling the report in the language in which it is now available?

Mr. Teillet: I have considered that, Mr. Speaker, but my latest information is that the report should be in my hands in two or three weeks.

Inquiries of the Ministry

PARLIAMENT BUILDINGS

CENTRE BLOCK—DAMAGE TO PLAQUES IN MEMORIAL CHAMBER

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I be permitted to ask a question based on sentimentality. I would like to direct the question to the Minister of Public Works, based upon my affection for the centre block of the House of Commons and my reverence for the veterans' memorial chamber. Having spent one hour yesterday in the memorial chamber I noted that certain plaques have suffered damage; namely, one soldier has lost his head and another his right arm, both being cases of recent damage.

My question to the Minister of Public Works is this. First, is any action being taken to repair the damage? Second, will he take under consideration the erection of an appropriate fence guard some 18 inches or two feet in front of the plaques so that all visitors to the memorial chamber can see and read but may not desecrate the memorial chamber plaques?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I want to thank the hon. member for drawing this matter to my attention. I will look into it immediately and give him a fuller answer later.

[*Translation*]

EXTERNAL AFFAIRS

GABON—WITHHOLDING OF ACCREDITATION BY CANADIAN AMBASSADOR

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs.

Could he tell us whether it is true that his department directed the ambassador of Canada to Gabon not to present his credentials until Gabon has apologized for inviting Quebec to take part in the conference on education last February?

Hon. Paul Martin (Secretary of State for External Affairs): Yes, Mr. Speaker.

Mr. Grégoire: Mr. Speaker, may I put a supplementary question?

As the minister answered in the affirmative, and, moreover, as the federal government leaves a vacancy in that field, could the minister tell us whether his department would take offence if the place left vacant by them is filled by the Quebec authorities?

[Mr. Teillet.]

[*English*]

Mr. Speaker: Order, please.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a supplementary question. I wonder whether the minister would reassure a jittery parliament and public that today's stark evidence of deterioration of relations between Gabon and Canada should not be construed as a fatal blow to our international prestige. In asking this question I give myself the opportunity of reassuring the minister of my highest consideration.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): It is mutual.

FINANCE

DISCUSSIONS OF MINISTER WITH U.S. SECRETARY OF THE TREASURY

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Finance. Is the minister in a position to tell the house what was the nature of the discussions he had in Washington over the week end with United States treasury officials?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I made the statement this morning, because of press inquiries, that I had visited Washington on March 1 for discussions with the Secretary of the Treasury, Mr. Fowler, in order to give him the views of the government of Canada on certain trade measures under consideration by the United States government.

Mr. Lambert: Were those discussions related to the declarations made by the President on January 1 last?

Mr. Sharp: Yes, Mr. Speaker, they were related to the matter of the border tax proposals that had been mentioned previously. I took advantage of the occasion to give him the views of the Canadian government in this field because of the discussions that I knew were going on in Washington at the present time.

Mr. Lambert: A further supplementary question, Mr. Speaker. Is the minister in a position to tell us what was the result of his conversations with his United States counterpart?

Mr. Sharp: Mr. Fowler listened very carefully to my representations, and I hope he pays some attention to them.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Did the minister have any discussion with Mr. Fowler, the Secretary of the Treasury, regarding the United States subsidiaries in Canada which have been requested to return a portion of their retained earnings to the United States? Has any clarification of that point been made; and if the Canadian dollar is in any danger, is the United States government prepared to make some exception with respect to Canada?

Mr. Sharp: Mr. Speaker, needless to say, when the Secretary of the Treasury of the United States and the Minister of Finance of Canada get together they talk about many things. They talked about that subject, and they also talked about our mutual concern in this very disturbed international atmosphere.

Mr. Douglas: I have a supplementary question, Mr. Speaker. I should like to ask the minister whether he received from the Secretary of the Treasury of the United States any assurance that no measures would be pursued which would further endanger the Canadian dollar in the world money market.

Mr. Sharp: Mr. Fowler gave me an assurance that none of the steps the United States has taken in defence of their own balance of payments situation are likely to have any adverse effect upon Canada.

CRIMINAL CODE

SUGGESTED AMENDMENT RESPECTING BREATHALIZER TESTS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wanted to direct my question to the Minister of Justice. Perhaps in his absence the Solicitor General might take it as notice. I have in mind the announcement made in Great Britain today that this month again the death rate from car crashes has shown a one third decrease since they introduced their mandatory tests for drunken driving. My question is whether the government would consider proceeding soon with similar legislation which was introduced in the house some weeks ago.

Hon. L. T. Pennell (Solicitor General): The house leaders have already agreed upon the order of business for the next few days.

[*Translation*]

BILINGUALISM AND BICULTURALISM

STEPS TO IMPLEMENT RECOMMENDATIONS BY ROYAL COMMISSION

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I have a question for the right hon. Prime Minister.

Since the release of the Laurendeau-Dunton report, two provincial governments, those of Ontario and Newfoundland, have taken concrete steps to implement its recommendations.

Could the right hon. Prime Minister tell us if the secretariat on bilingualism, which he is chairing, has developed a program for the early implementation of the main recommendations made by the commission on bilingualism and biculturalism?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I could make a statement on this important matter in a day or two.

THE SENATE

RECOMMENDATION RESPECTING NOVA SCOTIA VACANCY

On the orders of the day:

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): Mr. Speaker, I have a question for the right hon. Prime Minister. In view of the fact that Nova Scotia has had a vacancy in the other place for over two years and that this now seems to be the season for appointments there, does the Prime Minister plan to give predominance to the French Acadian fact when he gets around to considering Nova Scotia in this respect?

FINANCE

INQUIRY AS TO DRAWING RIGHTS UNDER INTERNATIONAL FUND

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my question is directed to the Minister of Finance, and it deals with the statement he made last October concerning the International Monetary Fund and the drawing rights. At that time the minister stated that a plan was being prepared to lay down the conditions respecting drawing rights, and that it had to be completed by March 31. My question is, can we now assume, in view of the activities which have taken place over the last two weeks with regard to Canada and the

International Monetary Fund, that this plan is now completed?

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker. I think what my hon. friend is speaking about are the plans that are under way for the creation of a new reserve currency. These discussions are still under way, and they are not related to the action we took the other day in drawing our gold tranche and transferring our credit balances with the fund.

I am hopeful that progress will be made in the creation of a new international reserve currency, but I regret to say that not as much progress has been made as I had hoped for.

Mr. Hamilton: I have a supplementary question, Mr. Speaker. Do I understand from the minister's last statement that there is a possibility the plan will not be completed by the end of this month?

Mr. Sharp: There is a plan in existence which has been discussed on a number of occasions by the ministers in the group of ten and in the International Monetary Fund, and certain decisions were taken in September at the time of the International Monetary Fund meeting, but no decision has been made to activate that plan in any way.

THE CANADIAN ECONOMY

HEATING OIL AND GASOLINE—REPORTED PRICE INCREASES

On the orders of the day:

Mr. Bud Germa (Sudbury): Mr. Speaker, I should like to direct a question to the Minister of Finance which has to do with the increase in gasoline and fuel oil prices. It was raised first by my colleague from York South on January 26 and several times subsequently. At that time the minister stated that his department was investigating the matter. I should like to ask whether this investigation is completed, and what are the results.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the department has been working on this and this morning I received a report, but since I was at a cabinet meeting this morning I have not been able to review it.

NATIONAL DEFENCE

INQUIRY AS TO SAVINGS FROM UNIFICATION

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Minister of National Defence. In view of the announcement on Friday that in the first ten months of the present fiscal year his department's expenditures amounted to $166 million more than in a similar period last year, when can we expect the minister to announce new policies which will make it possible for Canada to realize the savings from unification which were promised to the country by his predecessor?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, we indicated in the unification debate—perhaps the hon. member was not there at the time—that the implied savings in the administration of the forces through unification were of the order of $270 million.

Mr. Hees: I have a supplementary question, Mr. Speaker. Would the minister take the first opportunity on motions to explain why in the first ten months of the present year expenditures of the department amounted to $166 million more than a year ago? Where are these savings disappearing?

Mr. Speaker: Order, please.

ATLANTIC DEVELOPMENT BOARD

POSSIBLE CHANGES IN COST SHARING ARRANGEMENTS

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is for the Minister of National Health and Welfare, who reports to the house for the Atlantic Development Board. In view of the fact that the projected decreases in spending by the Atlantic Development Board this year, as explained by the minister, were related to the inability of many Atlantic provinces to use the money that is made available, I should like to ask the minister whether some changes will be made in the cost sharing arrangements.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, we can consider that subject at the appropriate time.

Mr. MacDonald (Prince): I have a supplementary question, Mr. Speaker. I wonder if the minister, in giving thought to this subject, is giving consideration to the suggestions by the premier of Prince Edward Island that the provinces be allowed to exercise greater responsibility in the spending of Atlantic Development Board money?

Mr. MacEachen: Mr. Speaker, at the federal-provincial conference the premier of New Brunswick made certain representations which are under consideration. I am sure we will be happy to consider those of the premier of Prince Edward Island as well.

HEALTH AND WELFARE

PROTECTION AGAINST DANGERS FROM INSECTICIDES AND ASSOCIATED DRUGS

On the orders of the day:

Mr. William Dean Howe (Hamilton South): I should like to ask the Minister of National Health and Welfare whether the government is investigating the startling results of scientific work being done on insecticides and some drugs with the object of bringing down legislation to protect the Canadian people from these newly found dangers?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): All these matters are kept under continuous review by the food and drug directorate.

SHIPPING

BAY OF FUNDY—POSSIBLE CONSTRUCTION OF SUPER PORT

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is for the Secretary of State for External Affairs. Several days ago, prior to a certain event, I asked the hon. gentleman whether the government of Canada had been informed or had been consulted by the government of New Brunswick of the province's discussions with the state of Maine regarding the possible establishment of a super port in the Bay of Fundy. The minister said at that time that he would look into the matter but perhaps, owing to his preoccupation with other matters, he let it slip his mind. Can he answer the question now?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, my hon. friend asked on February 16 whether the government of Canada had participated in these reported discussions. We were aware, of course, of the reports of such discussions, but no agency of the federal government has participated in them. The chairman of the Atlantic Development Board announced on January 23 that a study of the economic potential of the Atlantic region's deep water ports is being carried out by that board.

Mr. Lambert: I have a supplementary question, Mr. Speaker. Is the minister aware that these discussions are taking place, and is the government of Canada actively participating or maintaining a direct connection with any of these discussions?

Mr. Martin (Essex East): Yes, we will be, Mr. Speaker.

PUBLIC WORKS

FRASER RIVER—INQUIRY AS TO AGREEMENT ON CONTROL PROJECTS

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct my question to the Minister of Energy, Mines and Resources and ask him when he expects to be able to make an announcement to the house regarding the agreement between the federal government and the government of British Columbia in connection with the Fraser river flood control.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, the draft agreement is now completed and in the coming days I hope to meet the provincial minister responsible for this matter.

AGRICULTURE

POTATOES—IMPORTS FROM U.S. INTO WESTERN CANADA

On the orders of the day:

Mr. Ed. Schreyer (Springfield): My question is directed to the Minister of Agriculture; he has been given notice of it. Has the minister made a decision on the request of western provinces potato growers and agencies for the imposition of value for duty on potatoes imported into the western provinces from the United States?

Hon. J. J. Greene (Minister of Agriculture): No decision has been made in this regard, Mr. Speaker.

Mr. Schreyer: May I ask a supplementary question. Could the minister indicate if he will be making any statement in this connection this week, or soon?

Mr. Greene: Mr. Speaker, as the hon. member may or may not be aware, the situation is that the western growers are requesting that value for duty be imposed while maritime growers, particularly those in New Brunswick, oppose this quite vehemently. The

situation is continually under surveillance, and what is in the best national interest will be done by the government. If there is any value for duty to be imposed it will be announced at the proper time.

Mr. David MacDonald (Prince): May I ask a supplementary question. I wonder if the Minister of Agriculture, in view of the very grave difficulties in connection with potato marketing all across Canada as he has just indicated, has given consideration to the calling of a special conference on the potato industry with representatives from all parts of Canada.

Mr. Greene: No consideration has been given to that particular manoeuvre, Mr. Speaker. We are in consultation with the growers and with producer organizations in all parts of Canada, and if they deem it would be in the interests of the industry, we certainly would be prepared for such a meeting.

HARBOURS

BRITISH COLUMBIA—DEVELOPMENT OF PORT AT ROBERTS BANK

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Transport, Mr. Speaker. I asked him a question the other day and he never even heard it. Perhaps this time he will. In view of the statement by Premier Bennett of British Columbia that he will not accept the latest federal proposal for financing of the Roberts Bank harbour development, may I ask what consideration will be given now to an arrangement which will guarantee that port facilities will be available for the export of coking coal from British Columbia to Japan in accordance with what I understand is a tripartite contractual agreement among the United States, Canada and Japan?

Hon. Paul Hellyer (Minister of Transport): The federal government, through its National Harbours Board, is quite prepared to build the required port facilities. We have made that clear in our communications with Premier Bennett. We believe also that if we start at once, and if we receive reasonable co-operation from all the other interested parties, it should be possible to have the port facilities ready on time by the end of March, 1970. My hon. friend will be interested to know that we have a drilling rig on the job this morning in order to do test borings in preparation for the calling of tenders at an early date.

[Mr. Greene.]

Mr. Winch: I appreciate the information. Has the minister received a report that Premier Bennett denies the federal governments' right to proceed, and will not accept federal operation alone?

Mr. Hellyer: Mr. Speaker, I heard there was such a report in the newspapers out there, but I have not received a direct communication from the premier as yet.

Mr. Winch: This is very important to us, Mr. Speaker, so may I ask the minister if he is prepared to go ahead on his own authority this year?

Mr. Speaker: Order, please.

LABOUR RELATIONS

MARITIME UNION TRUSTEES—INQUIRY AS TO FINAL REPORT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, a few days ago I posed two questions to the Minister without Portfolio who was then acting as Minister of Labour. One question had to do with the report of the maritime trustees; the other had to do with the report from Mr. Murchison on the labour code, particularly the hours of work. I wonder if he is in a position to reply to those questions now.

Hon. B. S. Mackasey (Minister without Portfolio): Mr. Speaker, I understand that the report of the trustees is being prepared and translated so it can be tabled. In so far as the Murchison report is concerned, I believe the Minister of Labour is on record on several occasions as stating that the report would be studied by his officials.

Mr. Starr: May I ask a supplementary question. If and when the final report of the maritime trustees is in the hands of the department, will it be the wish of the minister, as I am sure it is the wish of the members of this house, that the report be submitted to a standing committee?

Mr. Mackasey: I suggest the hon. member ask the minister, who is in his place.

Mr. Starr: Will the Minister of Labour give us the assurance that this report will be submitted to a standing committee?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I answered this question some days ago. I said then that, after the report was received and had been studied, consideration would be given to having it referred to

the committee for review. The former trustees are no longer trustees, but we might even try to arrange for their attendance before the committee if the committee so wished.

Mr. Starr: May I ask a further supplementary question. Is it the intention of the minister and the Department of Labour to implement the Murchison report and recommendations?

Mr. Nicholson: Mr. Speaker, it has been said in this house on more than one occasion that the Murchison report is an excellent report. However, there is no report so good that it cannot be improved. Suggestions for some modifications have been made and they are being studied by the department. They are also being discussed with representatives of both sides, and when a recommendation has been made by my department, which I hope will be soon, that recommendation will then go to the government for decision and action.

EXTERNAL AFFAIRS

VIET NAM—INQUIRY AS TO ASSISTANCE FOR SICK AND WOUNDED

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): In the absence of the Secretary of State for External Affairs I should like to direct my question to the Prime Minister. In view of the continued severe suffering and heavy civilian casualties, can the Prime Minister report on the government's intentions with regard to immediate large scale medical and relief assistance to the disaster area of Viet Nam?

Right Hon. L. B. Pearson (Prime Minister): I know the matter is being actively considered, but at the moment I do not know the result of that consideration. I will find out.

AIR TRANSPORT

INQUIRY AS TO IMPLEMENTATION OF REGIONAL POLICY

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of Transport. Inasmuch as recent recommendations of the air transport committee of the Canadian Transport Commission for the removal of subsidies to western regional air lines are a denial of the regional air policy announced by the government in 1966, will the minister reassure the house that this 1966 policy for improving air service on the prairies still stands?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, until TransAir complies with the judgment of the Air Transport Board, clearly it would be inappropriate for the government or the Canadian Transport Commission to comment in any way on representations which have been made in this respect. As my hon. friend will appreciate also, because of the right of appeal from a decision to the minister it would also be inappropriate for me to comment at this moment.

Mr. Dinsdale: I assume that the air transport committee has been informed of government policy in this respect?

Mr. Speaker: Order, please.

INCOME TAX

PROPOSED EXEMPTION OF GUARANTEED OLD AGE INCOME SUPPLEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. In view of the fact that old age pensioners between the ages of 67 and 70 who are drawing the guaranteed income supplement, even though they have no other income, are being required to pay income tax on a portion of their supplement, will the minister take up with his colleague the Minister of Finance the possibility of exempting the supplement from income tax?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): I will be glad to discuss the matter with the Minister of Finance.

Mr. Knowles: May I expect an answer at ten o'clock one of these nights?

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. George Hees (Northumberland): I have a question for the Prime Minister. Can he advise the house when he expects to accept the resignation of the Minister of Trade and Commerce, thereby enabling the minister to make in the house the same criticism of financial policy that he makes outside of this house?

Mr. Speaker: Order, please.

Inquiries of the Ministry

TRANSPORT

BRITISH COLUMBIA—THIRD CROSSING BETWEEN VANCOUVER AND NORTH SHORE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I have a question for the Minister of Public Works. In view of the urgent need for a decision on a provincial-federal agreement concerning the third crossing between Vancouver city and the north shore, can the minister advise us on the situation in view of Premier Bennett's statement that the provincial contribution of $27 million is based on all or part of the new crossing being toll free?

Mr. Speaker: Order, please. I suggest that the hon. member's question is not in order.

Mr. Winch: Why, Mr. Speaker?

DOMINION-PROVINCIAL RELATIONS

REQUEST FOR PRODUCTION OF COMMUNICATIONS ON COST SHARING PLANS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, my question is for the Minister of Finance. In order that we may prepare ourselves for the forthcoming financial debate this week, will the minister undertake to make available, on behalf of the government and in advance of that debate, any communications the government has had with the provinces about cost sharing plans and, in particular, about the vocational training agreement?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I shall see if I can comply with the hon. gentleman's request.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

REPORTED STATEMENT BY HEAD OF FRENCH NETWORK

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to direct a question to the hon. member for Hochelaga (Mr. Pelletier), as chairman of the standing committee on broadcasting, films and assistance to the arts.

In view of the serious accusations made by the director general of the C.B.C. French network, against certain employees in authority, to the effect that there would be some brainwashing and planned propaganda in the public affairs division, does the hon. member intend to put this question before the committee under his chairmanship?

Mr. Speaker: The question asked by the hon. member relates to a matter of internal policy of the committee and it cannot be asked at this time.

Mr. Gérard Pelletier (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, there is a mistake—

Mr. Speaker: Order, please.

[*Later:*]

Mr. Valade: Mr. Speaker, in view of the numerous changes occurring on the other side of the house, I directed my question a while ago to someone who was not responsible to parliament. I should like to correct this and direct my question to the hon. Secretary of State, in her capacity as minister responsible to the house for the Canadian Broadcasting Corporation.

In view of the serious charges made by the director general of the French network of the C.B.C. as regards certain employees, to the effect that the C.B.C. resorts to brainwashing and to planned propaganda, is it the intention of the hon. minister to refer the question to the standing committee on broadcasting, films and assistance to the arts?

[*English*]

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I do not know the specifics, but I think I know about the incident to which my hon. friend is referring. I have been in touch with the new management of the corporation in order to ascertain what is going on there. I am informed that the matter appears to come within a breach of internal security in the corporation, and this may give rise to a study by the new management. The study obviously will cover the merits of any such charges if, indeed, there are charges.

[*Translation*]

Mr. Valade: Mr. Speaker, may I ask a supplementary question?

Since such charges can affect the confidence the public should have in this crown corporation and in order to clear especially the persons responsible for the administration, would the hon. minister allow the committee to examine this question?

Mr. Speaker: The hon. member's supplementary question cannot be accepted.

[*English*]

INDUSTRY

DRUGS—POSSIBLE COLLAPSE OF WESTERN CANADIAN FIRM

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Is the minister aware of the possible collapse of the new and expanding P.M.U. estrogen drug industry in western Canada because of the terms of Bill C-190? If so, has the minister consulted with his cabinet colleague the Minister of Consumer and Corporate Affairs, with a view to saving this new agricultural industry?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I have not specifically considered it with the Minister of Consumer and Corporate Affairs, but I shall be glad to take the hon. member's suggestion and consult my colleague.

PUBLIC WORKS

YARMOUTH, N.S.—LACK OF BREAKWATER PROTECTION

On the orders of the day:

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): Mr. Speaker, I wish to direct my question to the Minister of Public Works. Has the minister received word from his department's regional office in Halifax about the grave danger threatening the very existence of Yarmouth harbour, a danger brought about by the possibility of the ocean breaking through Yarmouth bar because of lack of adequate breakwater facilities on the seaward side of that topographical feature? If he has received word, what decision has been made to obviate that danger? If he has not received word, will he get in touch with his people in Halifax and find out if something can be done?

Mr. Speaker: Order, please. The hon. member has made his submission to the minister, and I think he should go no further on that point.

BROADCASTING

SUDBURY, ONT.—DISCONTINUANCE OF ITALIAN LANGUAGE PROGRAM

On the orders of the day:

Mr. Bud Germa (Sudbury): I wish to direct a question to the Secretary of State. Is she planning to make representations before the Board of Broadcast Governors on behalf of the large group of Italian citizens in Sudbury who have lodged a complaint with her about the arbitrary discontinuance of the Italian language hour program on radio station CHNO, in Sudbury.

Mr. Speaker: Order, please. That question should be on the order paper.

LABOUR CONDITIONS

SARNIA, ONT.—LAY-OFFS AND OVERTIME AT POLYMER PLANT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of Industry. Has he received complaints from employees of Polymer Corporation at Sarnia to the effect that many employees are being laid off while at the same time excessive overtime is apparently being worked by others in order to maintain production? Has the minister received such complaints and is action being taken now with respect to them?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I personally have received no such complaints. I know the labour contract currently is under negotiation, and representations of this kind may be expected to arise during the course of negotiations.

Mr. Douglas: A supplementary question, Mr. Speaker. May I ask the minister to give the house an assurance that the government has no intention of disposing of the Polymer operation to private interests.

Mr. Drury: Mr. Speaker, I think the hon. gentleman is well aware of the considerations which have prompted the government's approach to the ownership of Polymer Corporation.

[*Translation*]

LABOUR RELATIONS

INQUIRY AS TO PROCEDURE RESPECTING AMENDING LEGISLATION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to address a question to the Prime Minister.

Could he tell us if he intends to have Bill No. C-186, on the Canada Labour Relations Board passed during this session and before recess?

[*English*]

BUSINESS OF THE HOUSE

MEETING OF NORTHERN AFFAIRS COMMITTEE TO CONSIDER NATIONAL PARKS

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the government house leader. May I ask the government leader of the house to indicate when the committee on northern affairs will be called together to hear representations of residents of the western national parks. I first put this question to the acting government house leader on February 7.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I shall be happy to investigate the matter with my colleague the minister who is particularly concerned with it.

RESEARCH

PROPOSED INTERNATIONAL DEVELOPMENT CENTRE

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, some weeks ago the Prime Minister promised to indicate if there were tangible developments about the possibility of establishing in Canada an international development centre. He said he would make a statement. Is the Prime Minister yet in a position to make that statement?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have had two meetings with those concerned since my hon. friend asked the question, and I brought up one or two points which I wanted to have further clarified before being in a position to make a statement. My hon. friend knows that I am interested in this matter, as he and other members of the house are; I am following it with interest, and hope to make a statement as soon as possible.

• (3:30 p.m.)

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

DEPARTMENT OF AGRICULTURE

Research—

5c. Administration, operation and maintenance—to extend the purposes of vote 5 of the main estimates for 1967-68 to include a contribution of $10,000 to the town of Kapuskasing toward the construction of a road, $1.

[Mr. Grégoire.]

The Chairman: Order. House again in committee of supply, supplementary estimates (C), 1967-68, Department of Agriculture, vote 5c. Shall the item carry?

Mr. McCutcheon: Mr. Chairman, it is not my intention in participating in this debate today merely to complain about the cost-price squeeze in which Canadian farmers find themselves. I should like, in addition to discussing this difficulty of agriculture, to consider for a few minutes the effect of farm prices upon the consumer.

The joint committee of the House of Commons and the Senate on consumer prices, of which I was a member, held many hearings at which irate housewives, housewives allied against high prices, complained bitterly about the high cost of vegetables, meat, fruit and almost every item of food produced on our farms. I would be the first to admit that they had reason for complaint. Our committee did not hear representations from many farm groups because I am sure the steering committee and the chairman were pretty well convinced in their own minds that the cause of the housewives' dilemma was not to be found on the farms, though I must in all honesty say that some of the witnesses did try a little to point the finger at the poor old farmer.

We found out something else that was very interesting. We found out that most of the benefits of increased productivity, improved technology and greater efficiency on the farms were passed on to the consumer in the form of the cheapest food in abundance available almost anywhere in the western world. We found out also that the Canadian agricultural community had since the second world war improved its output per man or its efficiency, however hon. members may wish to describe it, faster and to a greater extent than any other industry had done.

I wonder why the farmers did it. There are several reasons. First, I suggest, was their pride in the industry. Second, they were encouraged to make these efforts by the work of the extension services of the Department of Agriculture. Third, and most important, they were all on a treadmill and had to improve their efficiency or go broke. I might add that many did go broke and that many thousands more had to take jobs off the farm to make ends meet.

In view of this tremendous effort one would think that agriculture today would be in good shape. Believe me, such is not the

case. What happened to this great improvement, this great technological advance? Who reaped the benefit? Well, the consumer did derive a great deal of benefit from the farmers' improved production. But somebody else, somebody other than the farmers, got a heck of a lot too.

In 1949 the consumer was spending 24.3 per cent of his income on food. In 1965 he was spending 21.1 per cent on food, and today the figure is even lower. As a point of interest, though, it is reported that in communist countries expenditure on food accounts for 50 per cent of wages. Since 1949, it should be remembered, many consumers have received increases in salary or wages amounting to between 50 and 60 per cent. May I remind hon. members that in 1949 the average industrial wage was $42.96. In 1965 it was $91.01 and in 1966, $96.30. For 1967 it is estimated to be $102.80.

Who got the biggest benefit from the farmers' sweat? Here are some figures which I find interesting. In 1949 domestically produced food having a retail value of $2,111 million had a farm value of $1,234 million. The processing and selling cost was $877 million. In other words, it cost about three-quarters of the farm value to get the produce of the farm to the retail level. What is the story now? In 1965, the last year for which I have figures, the retail value of domestically produced food was $5,029 million and the farm value was $2,043 million. The processing and selling cost, therefore, amounted to $2,986 million. It now costs one and a half times the farm value to get the products to the retail level though in 1949 the selling cost or mark-up was three-quarters of the farm value. Today it costs twice as much or one and a half times the farm value, which is just double the cost of the service as it existed in 1949.

I am not complaining particularly about this because the increase I have mentioned is pretty well in line with increases which have taken place in other segments of the economy. What I am complaining about is the absence of any real effort on the part of the government to correct an inequitable situation in such a way that the farmer can at least get some benefit from doing his job well.

What have we done? Precious little. The government did make some minor tariff quota concessions, if one can call them that, when the turkey industry pleaded for help last fall. What has been done for greenhouse operators? The Minister of Trade and Commerce certainly made things much easier for them, as reported in the magazine *Farm and Country* of January 23, when he gave this advice to greenhouse operators who had apparently asked for some form of protection against imports:

> I suspect any protection given would be of a temporary nature so growers can phase out their capital commitments and seek other means of earning a livelihood.

What has the government done about a sugar policy, promised for at least five years? I am told the Department of Industry had consultation with the C. and D. Sugar Company on the question of an alternative use for the Chatham refinery. But nobody thought it worth while to let the growers know until the last minute.

One evening last week the Minister of Agriculture told some growers it would cost the consumers $50 million more each year were Canada to enter upon a sugar policy or agreement such as the United Kingdom and the United States governments have endorsed. Where this figure came from I do not know, and how accurate it is I cannot say. But even giving the hon. gentleman the benefit of the doubt, it seems to me the sum he mentioned is small in relation to the five or six billion dollars which Canadian consumers spend annually on food. And what about the advantages? An industry which employs several hundred workers, full and part-time, would be kept in operation and 900 farmers could keep 20,000 acres of crop land under profitable cultivation instead of being obliged to produce alternative crops which will be difficult to sell. In addition, Canada would be assured of a basic supply of domestically produced sugar in the event of a world crisis. This is a matter of great concern in my area, but as of March 1 this industry in Chatham to all intents and purposes ceased to exist. Why? Why did we not develop a national sugar policy? I will tell you why. It was because Canada was waiting in hope that somebody, somewhere, somehow, some time, would develop a world sugar policy.

• (3:40 p.m.)

The problem at hand is a serious one. If I may say so, it will take the wisdom of Solomon and the patience of Job to come up with a satisfactory solution, but, however difficult, the problem must be attacked. It must be attacked immediately and with vigour. If it is not attacked immediately and with vigour the result may well be chaos.

Surely the government can remember the 10,000 farmers who were on parliament hill last year. Can anyone tell me that since then a serious attempt has been made to bring forth any practical solution to the agricultural problem? The Minister of Trade and Commerce has waved goodbye to the greenhouse industry, and the government has cut the quality subsidy on pork and lamb by one-third. Even so I would not be so worried if we had some assurance from the government that it has an over-all plan.

I suggest that if any person or group has a problem to settle the first thing to do is to decide what should be done first. It is just as simple as that. So the first thing the government has to do now is to decide whether we want and need an agricultural industry in Canada. I hope we can get an answer in the affirmative, although there has not been too much evidence forthcoming to make one optimistic. If by chance the answer is that we do want an agricultural industry, then we have to develop a price policy for Canada that is compensatory. It should help the efficient producer and it should help the potential efficient producer. It should not guarantee the individual farmer's income but it should give him an opportunity for a reasonable income if, and it is a big if, he does the job. I am sure we are all agreed that productivity gains in the past tended to be passed along to the consumer. Surely we can agree that as a nation we want to encourage even greater efficiency in agriculture. Above all, surely the farmers should not be forced to carry full responsibility for a cheap food policy.

Where do we start? I suggest that a good place to start would be to find out what effect our present legislation is having. I suggest we will find some strange situations. May I give an example of the lack of a clearcut philosophy as to what our policies were expected to accomplish. For example, price supports under the Agricultural Stabilization Act apply only up to a maximum production of approximately 100 hogs or 500 laying hens. A farmer, to be a potentially efficient operator, must have roughly five times this volume of livestock. Why do I say this? Just go to the federal Farm Credit Corporation and apply for a loan. The first thing they will say is that in order to be eligible the unit must be large enough to be efficient.

Here we have two points of view, two different opinions. It is difficult for me to understand why the maximum limits set under the stabilization act are not even close to the size of poultry or hog operations required by the federal Farm Credit Corporation when farmers apply for credit from that agency. How can we justify providing incentive payments enabling uneconomic units to keep going and at the same time try to encourage the amalgamation of these same uneconomic units?

It is not clear to me whether the levels of price supports were intended to stabilize or intended to raise farm prices, were intended to provide a floor, were intended to give farm prices some degree of parity of purchasing power, or whether they were set up as a result of pressure or by way of reaction to crises in the farm industry. I suspect the last explanation to be the case because it is abundantly clear they have not created any favourable degree of parity of purchasing power.

Many learned and knowledgeable people have discussed this problem at great length. Mr. Gilson of the department of agricultural economics at the University of Manitoba has presented some very interesting comments on a truly compensatory farm food and price policy. Here is what he said:

> We believe that the primary focus of a national food and farm price policy in Canada should be a cheap food program. Agricultural production policies have long been aimed in that direction. The only price policy which appears to be consistent with this general objective would be a compensatory price program where the food consumer pays the free market price and the farmer is paid the difference between this price and some designated support price in the form of a direct compensatory payment.

Mr. Gilson advances four reason why such a compensatory price policy is practical and he also lists a couple of objections. His reasons are:

> 1. Such a compensatory price policy is consistent with the objective of efficient production in the agricultural industry.
>
> 2. It provides a means for supporting farm prices without interfering unduly with the functions of the market price system.
>
> 3. In view of the fact that all commodities clear the market, it would prevent the creation of burdensome surpluses—farm products would move into the hands of the food consumer where they belong, not in government storage bins.
>
> 4. A compensatory price policy would permit food consumers to purchase food at the lowest possible price, an objective which appears to be reasonable from the standpoint of our prevailing economic and social philosophies in Canada.

Mr. Gilson points out that many farmers object to any price policy that involves direct payments from the government. Other farmers are very apprehensive that upper limits placed on compensatory price payments as a result of political pressures will discriminate

against efficient production in the agricultural industry.

Two further objections can be raised. The first is that such a policy could be interpreted as a form of dumping, that is, selling abroad for a price lower than that received by the domestic producer, a practice that was strongly condemned by Canadian farmers when others followed this method. The second is that the Canadian taxpayer has no moral obligation to pay for a product, the gains from which accrue to food consumers in other nations. The problems involved should not detract from our attempt to develop a truly adequate national price policy for the Canadian agricultural industry. Mr. Gilson's plan is not a two-price system but it does parallel many agricultural programs in other countries.

Again I return to the paradox of different directives by different departments of government. If the economic size of poultry operations involves 5,000 laying hens, then for goodness sake set the limit at that level. If it takes a production of 500 hogs per year to be efficient, for heaven's sake let us set the limit there. But let us at least be consistent. Why use one department to penalize or frustrate the efficient farmer—the extension department and the farm credit adviser who all work on his behalf?

• (3:50 p.m.)

It is time we had a definite policy in respect of farm and food prices. We have had in the past and have even today a great amount of ambiguity concerning farm price policies and who should bear the cost of price supports. When the storage and purchase method is used, presumably the food consumer is expected to pay the higher food costs. When the deficiency price system is used, the consumer buys at the free market price and the difference between that price and the support price is paid directly to farmers. This means that the general Canadian taxpayer must bear the cost. Let us not become involved here in the social and non-price problems of the agricultural industry. They are entirely different and separate problems and should not be included here because it would have the effect of drawing attention away from the main problem and dissipating our strength of purpose. We would come up with our usual spontaneous reaction to political pressure. Of course our record of just wandering from crisis to crisis would be intact.

Is it too much to ask that now at least the government define for the Canadian people whether or not they are to have a Canadian agricultural industry? Mr. Gilson went on to say this:

> What would the proposed compensatory price policy cost the Canadian nation? If, for example, the prices received by farmers under the proposed policy were related to the prices of the goods and services which they buy, we estimate that the total annual cost of such a policy would amount to approximately $300 million at the present time. This is a fairly substantial sum but when it is remembered that this policy would eliminate the need for many of the payments now being made under various forms of hit and miss policies, and when we recognize the very substantial gains to the food consumer in the form of sheap food, we suggest tthat $300 million may be relatively small sum for the nation to invest in such a program.

Mr. Gilson uses the figure of $300 million to cover the whole program of a food price policy but the Minister of Agriculture uses $50 million for a national sugar policy. Who is right? Perhaps both; I do not know. I submit that in a country which can develop a nuclear reactor that meets competition anywhere in the world, as we have been able to develop in Canada—I believe it is called CANDU—there is no reason why we should not be able to develop a national food and farm policy which would provide for inexpensive and abundant supplies of food and at the same time ensure to those who produce it a reasonable compensation for their efforts.

Mr. Roxburgh: Mr. Chairman, I have a few rather contentious problems with which I should like to deal. Before I do so, however, I should like to say to hon. members opposite that although, as we all know, there have been many problems in agriculture throughout the years the present Minister of Agriculture certainly has done a great deal to alleviate them.

Some hon. Members: No, no.

Mr. Roxburgh: I am surprised that the farmer from Ontario—

Mr. Starr: The greatest farming area in Canada.

Mr. Hees: On a point of order, Mr. Chairman, may I say that I heard an opposition member say that the Minister of Agriculture has done absolutely nothing for the farmers of Ontario.

Mr. Roxburgh: All right, have your fun. First of all, I wish to support the stand taken on Friday by a number of speakers who dealt with the importation of fruit, especially

peaches, from Australia. The hon. member for Okanagan Boundary and others referred to this matter. I should like to mention the hon. member for Okanagan Boundary particularly because he went into great detail with regard to the problem. He gave factual information. I do not intend to continue along that line other than to say that I sincerely hope the minister will give this matter his full attention.

Without going into detail perhaps I might refer to the tax concessions that provide a considerable natural incentive to Australian exporters. First of all there are the income tax concessions and, second, the payroll tax. A rebate on the payroll tax has been authorized by the government in order to encourage greater exportation. A special income tax deduction is allowed by the government for expenditures in the field of market development.

I have yet to hear of any Canadian farmer who has complained about fair competition. However, when an imported product is subsidized by the exporting country it certainly is time that our government took a real look at the situation. As an hon. member pointed out on Friday, the Australian pays more for his homegrown peaches than we pay for our homegrown peaches. I certainly think the officials of the Department of Agriculture should look into this problem.

I should like to deal now with a subject which in many ways is very dear to my heart. It involves a problem which has bothered me for a long time. I have reference to the wine industry. One of our important industries in Ontario is the wine industry. The wine industry, of course, is directly connected with the grape growing industry. Any action that influences the wine industry is passed on to the grape growers.

I do not know whether this fact is generally known but in Ontario alone approximately 15,000 acres are under cultivation for the growing of grapes. If an acre produces a full crop the Ontario and federal governments collect $1,300 per acre before the farmer receives what little benefit there is to him from that production. In the years 1964 and 1965 the federal government collected over $4 million, in the form of an excise tax on wine. In that same period the growers received about $1 million less, a little over $3 million. The provincial government received approximately $13 million.

I should like the gentlemen in the press gallery to take special notice of what I am about to say. When we attend their functions and order wine, what are we served? We are served imported wines—oh, yes. I have been there and they serve only imported wines.

• (4:00 p.m.)

Some hon. Members: Shame.

Mr. Roxburgh: What is the government's policy in this regard? On practically every state occasion the wine served is imported. What do the great wine producing provinces of Ontario and Quebec serve at state functions? They serve imported wines. What about our embassies abroad? What do they serve? They also serve other than Canadian wines. There was a Canadian special function at an embassy—I will not mention which one—and they did serve Canadian wine. After the function was over there were a number of cases of wine left. Did the embassy keep this wine to serve to other guests? No. The embassy sold it at giveaway prices to the embassy staff.

Mr. Alkenbrack: That is an old Liberal custom.

Mr. Roxburgh: Let us not have any interruptions from my friends over there. President Johnson has decreed that only United States wines are to be served at their embassies. I think hon. members will agree, and not just because we are Canadians, that Canadian wines have a much better reputation than United States wines.

I have been privileged to attend functions in a number of embassies of European countries here in Canada. What do they serve in the way of wine? They are proud to serve the wines of the country they represent. Portugal is known to be one of the worlds' best producers of sherry and port; yet that country imports some Canadian sherry. Canada is a trading nation and let us not forget that. One sure way of expanding our wine exports is by acquainting the people of other countries with our wine products by serving them in our embassies in those countries.

I know what will immediately be said, by some people who should know differently, about Canadian wines compared with imported wines. They will say our wines cannot be compared with the imported products. I have some facts here that indicate this is a lot of hooey. They show that Canada is producing some of the finest wines in the world, some of which have won gold medals.

I will not mention the name of the company but one company held a wine tasting test using Canadian wines and similar types of imported wines. These wines were decanted in the identical bottles prior to the test and were marked "x" and "y" in each classification. The test was carried out in many areas of Canada including Toronto, Kitchener, Ottawa, London, St. Catharines, Fort William Windsor and Hamilton. More than 500 people made this test and the over-all result as 267 in favour of local wines and 247 in favour of imported wines. I am sure if I asked the general public for an opinion regarding imported wines compared with local wines they would probably favour imported wines on the basis of 75 per cent to 25 per cent. Note how wrong they would be.

Let me give you the results of the test held at St. Catharines. Among the people who tasted the wines were some of our friends from the press. I am sure they should know something about wine if anyone does. They should be good tasters from what I know about them. In the classification of dry red table wines our Canadian claret outpointed imported claret on the basis of 19 preference votes to 5. In the classification of burgundies the reverse was true. I am trying to give a true picture. The imported burgundies received 15 preference votes against 9 for Canadian burgundies. There were still 9 votes in favour of the Canadian wines. In the Rhine wine classification the imported product was favoured by 16 votes to 8. In the sauterne classification, and we all know that sauterne has the highest wine consumption record, the Canadian wine scored 17 preference votes to 7 for imported sauternes. Canadian sherry was preferred by a vote of 16 to 7 over the imported wine. Portugal is recognized as one of the great producers of port wine but the Canadian product was preferred over the imported by a vote of 15 to 7.

These results confirm the claim by Mr. W. D. Hatch, president of the Canadian Wine Institute, that fine Canadian wines are equal to or even better than the great majority of imported wines. In spite of this a great many people serve imported wines. I suppose it is because it has been bred into us over the years that imported wines are better. I sincerely hope that these facts I have presented will encourage not only the members of this house but other people in Canada to use Canadian wines.

Since France brought about the run on the dollar a great deal of the imported wines in wine cellars in the United States, in New York particularly, has been dumped down the drain. That is an indication of what these people think of imported wine. Perhaps in the long run they figure their own is better or at least as good. People acquire a taste for a product, be it wine, good whisky, certain types of food, cigarettes, cigars or many other products, only by the use of that product. It is like a child trying his first olive. Boy, what a face. Yet in later years he will eat olives with many meals and enjoy them.

• (4:10 p.m.)

In conclusion, Mr. Chairman, I say to the government of Canada and the governments of our wine producing provinces that they can do a great deal to promote the future of the wine industry and keep the grape growing industry in good shape without laying out one cent. In so doing they will be helping to solve our foreign exchange problems, and God only knows we need some help along this line.

Mr. Clancy: Mr. Chairman, would the hon. member permit a question?

Mr. Roxburgh: Certainly.

Mr. Clancy: Port and sherry are fortified wines. They are not real wines; they are fortified. In other words, 20 per cent alcohol is added to them.

Mr. Roxburgh: It depends on what wine you are buying.

Mr. Clancy: I said port and sherry.

Mr. Roxburgh: That is possible, but nevertheless our wines are considered to be among the best in the world. We produce good wine.

Mr. Schreyer: Mr. Chairman, it has been pleasant in the last few minutes to listen to hon. members discussing the merits of Canadian wine. I do not think it is as pleasant, however, to discuss the merits of the policy of the Minister of Agriculture. A long time has elapsed since we last had an opportunity in this house to debate and consider the agricultural policy of the government. Since the last time the subject was under discussion in the house there have been developments and changes in regard to agricultural policy which have been very serious in their effect, and we have not really had a chance to focus on them here on the floor of parliament.

In the other place last week or the week before a senator introduced a bill having to do with dairy policy. I refer to Bill No. S-34. I presume the reason it was introduced was that it is being realized by more and more people in western Canada, in the prarie provinces in particular, that the changes in Canadian dairy policy are militating against large numbers of western dairy producers. Therefore a bill was introduced in the Senate which would have the effect, if passed, of taking away from the control of the Canadian Dairy Commission the power to exclude milk and cream producers from the subsidy benefits under the present dairy program if the amount of production is less than 50,000 pounds of milk or 1,750 pounds of butterfat per year.

I am sure the minister is aware that when the new policy was first introduced it took a little time for its full implications to sink in, but when they did a storm of protest began to arise. Even the Winnipeg *Free Press* was moved to editorialize last spring that the proposed dairy subsidy program would discriminate against western dairy producers, particularly shippers of farm separated cream and even of manufactured milk. I should like to read a paragraph or two from the editorial in the Winnipeg *Free Press* last May:

> The implications of the new policy for the western farmer thus become clear. The quota system will mean a decrease in Manitoba's dairy production; it will mean that many small producers will be forced out of business; it will make it virtually impossible for a new producer (since he has no quota) to enter the business; and it will mean that farmers who were planning on increasing their herds will have second thoughts on the matter. It will work directly against the attempts of the provincial government to make Manitoba self-sufficient in dairy production; it will be—

This should be marked, Mr. Chairman.

> —a blow to small rural creameries; and it will stand in the way of a number of new milk processing plants that are either coming into being or are being planned, in some cases with the provincial government as sponsor.

The editorial goes on to specify the regions or areas of the province—and this applies equally to Saskatchewan and Alberta—where creameries have existed for a long time and plans were being made to construct processing plants for manufacturing milk, and it became clear that the dairy policy of this government would militate very directly and gravely against the continuation of these creameries and processing plants. The minister will argue, of course, that subsequent to these complaints being made the government and the commission adjusted the policy somewhat so that instead of eliminating all those producing under 50,000 pounds of milk they eliminate only those whose production is under 12,000 pounds. Between the levels of 12,000 pounds and 50,000 pounds it is left to the discretion of the commission whether these producers will be eligible to receive the dairy subsidy.

I admit that this is an improvement, but it is not good enough. The fact that it is a matter of discretion for the commission implies that some applicants producing between 12,000 pounds and 50,000 pounds will be deemed eligible to receive the subsidy but many will not. That is the point. The minister must realize that what I am saying applies to Saskatchewan as much as Manitoba, and perhaps even more so. Eighty-three per cent of the Manitoba producers of milk for cream and manufacturing milk have a production of under 50,000 pounds. So the policy is, in effect, playing with the future prospects of 83 per cent of the cream and manufacturing milk producers of that province, and a higher proportion in Saskatchewan. The number of producers affected in Alberta is almost as high.

In the past 20 years there has been a rapid process of adjustment in the agricultural industry. It has been so rapid that it has resulted in social dislocation. It really does not behoove this government, nor is it necessary for it to come forward with a policy or acquiesce in a policy or trend that will have the effect of aggravating this problem. Yet this is precisely what will happen.

• (4:20 p.m.)

At the same time the government is smart enough to realize the deteriorating economic conditions in most rural regions of the country, and so it has spoken of the need for coming forward with ARDA programs, retraining allowances, and so on. There is a basic inconsistency in the fact that on the one hand the government is denying price support to large numbers of small agricultural operations while on the other hand it becomes necessary to provide financial assistance in other ways. The cost to the public is just as great, if not higher. Since ARDA was first established, and as those engaged in those programs realize by now, it has become evident how excruciatingly difficult it is to come forward with plans which can be applied practically and have immediate results in many agricultural districts in the country.

Before any of these long-range readjustment programs under ARDA can take effect, some reconsideration must be given by the government to its dairy program so that the small dairy operators, shippers of farm separated cream, or those who ship under 50,000 pounds of manufacturing milk who constitute 83 per cent of the producers, can receive a guarantee that they will be eligible to receive price support in proportion to their production as well as those who produce in excess of 50,000 pounds. I agree with the former member for Assiniboia, who is now a senator in the other place, that the government should not hide behind the skirts of the dairy commission. As I said, the intent of the bill before the Senate is to remove from the discretionary powers of the dairy commission the power to determine whether or not those producing less than 50,000 pounds will eligible for continued price support. If the government does not give consideration to this problem it will mean that the number of farmers on the prairies engaged, at least in part, in a dairy operation will decline.

I have some figures here which indicate that whereas only four years ago 25 million pounds of creamery butter were produced on the prairies, last year only 17½ million pounds were produced, a decline of almost 8 million pounds. If we translate that into financial terms as it affects farmers engaged in part at least in dairy production and look at the loss in financial returns and the loss in hours of work for the creameries, one can see what an immediate adverse effect all this is having. So the government will respond by pumping in more money through ARDA. Of course the situation would be worse if the government just ignored these developments and did not attempt to provide any compensation in dealing with these problems. In any case, it will have to spend as much money. If the government intends to cut down on dairy price support it will have to do something more through ARDA and, as I said, this is difficult.

I also wish to say to the minister that as his policy succeeds in forcing more farmers in western Canada out of dairy production there will be a proportionately greater onus on the government to do something about its western grain pricing policy. There are some very disturbing developments in this area. We know now that at the half way point in the present crop year exports of Canadian wheat amount to only 40 per cent of last year's level. I know that the minister opposite will say that the reason for this is the developments in international markets, and we all know they are very good at offering justifications for what is failure on their part. The fact is that United States wheat exports are virtually the same as last year. If one country can do it, so can another if it has the will to make the extra effort.

The Department of Trade and Commerce has been relatively successful in promoting export trade in Canadian goods. The budget of the department has been increased to provide for greater effort in sales promotion, the promotion of trade fairs, trade missions, and the like. An equal increase in effort should be made with respect to the promotion of sales of Canadian wheat and feed grain.

In addition to the rather disturbing developments on the export sales front in regard to western grain there is the problem of price. Over the years hon. members on this side have given the Liberal party an education with respect to the cost-price squeeze, particularly in western Canadian agriculture. So the Minister of Agriculture and his colleagues are well aware of the fact that there has been no improvement. Not even one small step has been made toward finding a partial remedy for the problem.

From time to time the president of the Saskatchewan wheat pool makes public statements which are very informative indeed. He is not one who is given to overstatement, and precisely for that reason I wish to read the following few sentences which tend to go to the heart of the problem of prices and costs in western agriculture. Mr. Gibbings of the Saskatchewan wheat pool said:

> —the recent large wheat sales—

He was referring to last year.

> —had given rise in eastern Canada to the erroneous idea that the prairie farmer's problems had been solved.
>
> But the sales had only obscured the adverse cost-price relationship, which would rise further if farmers got a short crop or if Canada couldn't sell and had to store a large amount of surplus grain.

The central point of the argument which I am trying to develop is contained in the following statement made by Mr. Gibbings:

> Farmers had received the same prices for grains as they did 17 years ago, yet their costs of production had increased 54 per cent in that period. Farmers had absorbed that increase in costs by improved efficiency. None of the increased cost had been passed on to the consumer.

Owing to the government's performance in combating the crisis of inflation in our economy, the cost of production in agriculture has increased tremendously in the last three years. It has increased steadily through the 1950's and 1960's, but in the past two and three years it has greatly surged upward. In the light of these developments, how can one sit back with equanimity and view a static level of prices for farm products? Prices of farm products have remained static and there has been an upward surge in the cost of agricultural production because of the haphazard and inadequate performance by this government in dealing with inflation as it burns its way into all sectors of our economy. In the light of all this, Mr. Chairman, it is not difficult to understand why the Liberals of western Canada have become increasingly disgruntled in the past couple of years and from time to time have been calling for regional conferences. They have been trying desperately to come to some meeting of minds amongst themselves as to what should be done, but even when they have a regional conference they seem unable to agree on policies for western agriculture.

• (4:30 p.m.)

To be fair, I think it must be said that at their last meeting a few weeks ago they did manage to agree. They reversed a decision of a committee session at a plenary session the following day and agreed to endorse a resolution which would be forwarded to the government, presumably, asking for an improved pricing policy for western grain. I am sure the resolution was submitted to the Minister of Agriculture and to the cabinet. No doubt the minister was present. He knows what western Liberals have asked for in the way of pricing policies for western grain.

In so far as wheat is concerned they have asked for the two price system so that there would be a floor of $2.12 per bushel and an additional $1 per bushel for the amount consumed domestically. As I say, probably the Minister of Agriculture was there. No doubt he made a very good speech, because he can make a good speech on occasion. I am certain he assured his Liberal friends in the west that this resolution would be given serious and sympathetic consideration and that the government would try to do something. The problem with the minister, and I am not being offensive when I say this, is that he makes very good statements when he is speaking to groups outside of the house. He spoke at Vancouver and he has spoken to farm union gatherings on the prairies. However, his performance in that respect is not equalled by his performance in cabinet. Obviously he has been unable to persuade his cabinet colleagues to do something about the problem now. Nobody has come up with a pricing policy.

I know the Liberals will say that last fall they indicated the price of wheat would be supported at the floor level of the international wheat agreement, which in effect was $1.95. How can one reconcile this statement with the fact that a few years ago western Liberals were talking, not just during election campaigns but at regional conferences, of the imperative need for a $2 floor under wheat? Those statements were made in 1963. Since 1963 inflation has decreased the value of the dollar by approximately 12 or 13 per cent. Instead of offering a $2 guarantee, however, the government comes forward with $1.95. I suppose $2 in 1963 is worth about $1.90 now. I guess this is how the government is going to justify itself when it goes to the western provinces in the next election. The Liberals are going to say, yes, we promised $2 in 1963 but because we have not been able to do anything about inflation $2 in 1963 is only worth $1.90 now, and since we are giving you $1.95 we are actually giving you more than we promised. I am sure this will confuse everybody, including the minister and his colleagues. Perhaps this is the only way the government can get out of this shameful position with regard to its treatment of western agriculture. The fact is that $2 promised in 1963 to be equalled now would require $2.12 per bushel at least.

I have already indicated how this government's dairy policy is adversely affecting dairy production and dairy producers in western Canada. The very least the government could do to make up for this adverse effect would be to improve their policy with respect to grain producers on the praries. However, they are not doing that either, Mr. Chairman.

I should say to hon. members that the performance of the government and the minister is so difficult to follow that from time to time I have to pause and ponder just what to make of it. Hon. members on this side have asked repeatedly if the government would do anything about increasing the amount of money available for cash advances. I feel this is a point worthy of some deliberation. There

has been the failure to keep up with export levels set in past years and the movement of grain off the farm and from the country elevators has slowed down greatly. It appears it is going to slow down even more in the next few weeks and months. This is all the more reason for increasing the amount of money available to farmers through cash advances.

We have no indication of intent from the government. Its ministers act as though they were not really concerned. I have said before but I want to say again that the image the government projects so far as the agricultural industry is concerned is one of the complete indifference, indolence and nonchalance. This applies to their attitude to the trend away from the farm which has been going on since 1952 and has been accelerating. Rather than trying to come forward with policies to slow down this trend and avoid social and economic dislocation, this government is indifferent with respect to dairy policies, indifferent about setting agricultural price supports for western agriculture and actually seems to accelerate the trend. Those who have tried to peer into the future of the agricultural industry have said that the trend will continue. Where 40,000 farmers in a given region are involved in hog production today, by 1980 the actual number of farmers so engaged will be between 4,500 and 5,000. That is how drastic the transition is, and the loser in the end will be the Canadian consumer. For these reasons no government ought to hesitate in supporting the prices of agricultural commodities.

• (4:40 p.m.)

Some hon. members from Ontario on this side of the house have referred specifically to sugar beets, vegetables, and so on. I wish to speak briefly about potato production in Manitoba. Potato prices in the past year have fallen drastically in the United States and as a result potatoes have been moving into western Canada at prices which, if they do not constitute dumping, come very close to it. There has not been much overproduction of potatoes in western Canada. As a matter of fact, there was no overproduction last year. Despite that, potato prices to producers slumped disastrously. As a result a delegation called on the Minister of Agriculture and asked him to consider imposing on United States potatoes a value for duty. Today the minister indicated that he has made no decision. He clouded the issue by giving an indirect answer and so I take that he is not inclined to make a decision on the request. He has not even given the delegation the satisfaction of any answer.

A few months ago the Prime Minister indicated that since some industries in this country will be adversely affected by the implementation of certain features of the Kennedy round agreement the government would consider extending grants to such concerns as are adversely affected. I submit that the government should extend this kind of thinking to the agricultural industry. Helping industry overcome the disruption of rapid changes in trade patterns is unfair unless agriculture is given similar treatment.

The Assistant Deputy Chairman: Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Schreyer: May I have a couple of minutes to conclude?

The Assistant Deputy Chairman: Does the committee agree?

Some hon. Members: Agreed.

Mr. Schreyer: Thank you, Mr. Chairman. It is all very well to talk about the problems of various sectors of our economy. It is all very well to talk about agricultural problems and to give smooth assurances of sympathetic consideration and probable action, as the minister likes to give from time to time, but clearly, after the passage of more than two years, the time has come for the minister to produce.

Some hon. Members: Hear, hear.

Mr. Schreyer: The government should do nothing less than allocate substantial amounts of money, in a selective manner, for the purpose of stabilizing the production of various agricultural commodities and improving the income positions of the producers. This must be done because in many ways Canadian agriculture is in dire straits. The agricultural industry is so vital to this country and the portents of what is happening are of such consequence to the Canadian people that the minister will be excused if the government for a change takes drastic and meaningful action. It must do so now.

Mr. Muir (Lisgar): Mr. Chairman, I should like to say at the outset that while one may have much sympathy for the minister, when the industry which he represents in the cabinet is in serious trouble one cannot extend

sympathy to the government. Through indifference or lack of understanding the government's policy or, to put it more properly, the government's lack of agricultural policy, has been tantamount to an exercise in futility in solving the immediate problems of farmers or in attempting to bring about long-term solutions of their problems.

The minor changes the government made to legislation that was eight years old when it took office seem to have added to farmers' difficulties instead of alleviating them. For example, one might mention the plight of western cream shippers and the local dairies that service them. One could go right down the list through every sector of the industry and find the same situation. The industry struggles to meet competition from commodities that have been produced abroad under subsidy. Usually they are surplus commodities. This struggle takes place under circumstances for which the government must take much responsibility. I refer to tight credit, higher interest rates, lower prices, higher production costs and lack of adequate cash for working capital. The old adage that none are so blind as those who refuse to see is still true. As a previous speaker said, this government does not have the answers to our agricultural problems because it does not understand them.

The low grain delivery quotas now in effect at prairie elevators are causing a great deal of concern to western farmers. When we compare today's situation with the situation one year ago the cause for this concern becomes apparent. Three hundred and ninety-four elevators in western Canada are now on a three bushel quota, 1,071 are on a four bushel quota and 387 are on a five bushel quota. At this time last year only 726 elevators were on a quota of five bushels or less. The remaining 1,156 elevators were on quotas of six to eight bushels.

The disparity between the farmers' cash position this year and last year is evident. Cash advances, while helping to pay some fall expenses, do not alter that position since cash advances were available last year also. The gravity of the situation is compounded this year because of higher interest rates and because farmers cannot obtain farm improvement loans at statutory rates of interest.

Much though one wants to see some improvement in the grain delivery situation, the cold, hard fact is that deliveries will more than likely slow to a trickle. In their recent market letter James Richardson and Sons, Winnipeg grain merchants, said:

> Stocks of all grains and oil seeds in country elevators are now over 295 million bushels, within about 15 million bushels of full working capacity, and the off-farm movement will soon be slowing down considerably as elevators become congested.
>
> Shipments east have practically come to a standstill as there is enough grain in the pipe line to fill the terminals at the lakehead, and outward shipments to the Pacific coast have slowed down recently.

With our wheat-flour exports down by approximately 160 million bushels compared with the same period last year, the outward movement of wheat is the lowest since 1956. The figures I have quoted were published in the Manitoba *Co-operator* of February 22 and seem to indicate that we cannot look for any decided improvement in the foreseeable future.

• (4:50 p.m.)

All of this means, of course, that the farmers cannot expect any immediate alleviation of their cash position. No doubt the government is hoping that the final payments on last year's grain pool will help the situation, and to some extent they will. However, the bulk of these payments are on wheat and are not expected until near the end of the current month. They will be needed to finance spring operations and very little will be used to pay accumulating bills. The farmer who grew a good crop in the past season but who suffered crop losses in the year covered by the pool will certainly not be in a very good position to start spring operations if he cannot realize more cash from the grain he has had to store in his bins.

It has always seemed to me that one responsibility of good government is to create an economic climate in which the various segments of our economy can operate efficiently. Such a government would take whatever steps might be necessary to achieve that objective. This does not always entail large government expenditures, but it would entail understanding by the government of basic principles of good economic husbandry.

In the case of modern agriculture, efficiency can only reach its highest level with a reasonable amount of available working capital. If working capital is cut off because of the inability of the producer to market his produce at a given time, other means must be found to overcome the difficulty.

Fortunately, so far as wheat is concerned we have machinery already in operation to supply funds in advance of delivery. Unfortunately, advancing costs have made the amount available inadequate. I am pleased to see the Minister of Trade and Commerce here. He suggested to me the other day that this was a matter for discussion between the department and the wheat board. But I think it would mean an amendment to the Prairie Grain Advance Payments Act before larger cash advances could be made. The Canadian Federation of Agriculture in its submission to the government has recommended that the Prairie Grain Advances Payment Act be amended to allow advances to be made on wheat, oats and barley to a maximum of $4,-500 a figure which is quite realistic under the circumstances considering the low delivery quotas.

It is not my intention to point out how similar situations in other fields of agriculture can be resolved. Other speakers more qualified in their respective areas will be presenting their views during this debate. I would, however, again bring to the attention of the minister, as I have on other occasions, the serious effect which the heavy importation of vegetable oils is having on the sunflower industry in Manitoba.

Past experience has shown that the industry is able to overcome a surplus situation with the assistance of a floor price at very little cost to the treasury. As a matter of fact the one and only time a floor price was set it cost the government something like $40,000—I think the exact figure was $44,000—which is a very small price to pay for saving an industry. I hope the government will see fit to give serious consideration to this question and to the extent to which the importation of foreign oils is affecting our domestic vegetable oil market.

Recently the Lower Red River Valley Water Commission sent a brief to all federal cabinet ministers urging the government to accept the recommendations of the International Joint Commission in regard to the construction of the Pembina river project. I hope the minister took time to read his copy of the submission because of the importance of this project to the economy of the area in assuring adequate supplies of water for irrigation, industry and conservation. The protection it would afford the large area of rich farm land contained in that part of the Red River valley from disastrous and expensive flooding would bring benefits which would outweigh the initial cost. I would hope the minister would give his unqualified support to this important project.

Finally, I should like to express my disappointment to the minister that the excellent work under the Prairie Farm Rehabilitation Act, which has provided water storage dams throughout the prairies since its enactment, has apparently been brought to a standstill. If it is because the government has not decided under which department the legislation will continue to operate, as I have been led to believe, then I think it is time a decision was made. If it is because the government is contemplating bringing in a water resources act before proceeding further with this type of work, I hope the necessary legislation will be brought down as soon as possible. The main thing is that works so important to the economy of the prairies should not be further delayed because of government uncertainty and inaction.

[*Translation*]

Mr. Godin: Mr. Chairman, previous speakers have clearly explained the problems both serious and urgent, now facing the farmers.

I do not intend to go over the details again, but nevertheless, those problems must be considered in the light of the whole economic situation in Canada. We are therefore justified in expressing our deep concern about the slowing down in numerous sectors of our economy, which threatens to expand and develop into a real crisis.

Higher interest rates and budgetary restrictions are so many factors which contribute to the shortage of capital now affecting the Canadian economy.

Since policies of austerity generally have adverse effects on less privileged classes, I feel that the period we are now going through could jeopardize the situation of agriculture which is already deep into debt, at the very time when farmers are faced with increasing production costs and must increase their production through further investments.

In my opinion, the situation in which farmers find themselves is definitely inferior to that of other groups, in spite of the numerous efforts made to improve their lot. Such a situation cannot and must not go on any longer, since it is causing a steady decrease in the number of farmers, without for all that improving the lot of those who remain on the farm.

In spite of the ever fine words and high-sounding statements about the importance and the value of agriculture, parishes which, in the past, owed their prosperity to agriculture now only survive with the help of welfare allowances.

Due to the lack of an adequate policy which would anticipate problems rather than create them, whole sections of parishes are being abandoned because of inadequate income. Some of those farmers looked to the department of health, and they were given help providing they abstained from any activity.

Also, agricultural experts, from both federal and provincial governments, are constantly engaged in research to improve agriculture. They have discovered new breeding and feeding methods. They publish all the new developments in agriculture, such as insect and weed control. All these experts are busy making the farmers understand that they would really increase their profits by increasing their herds.

The present situation, which has existed for a long time, shows that increased efficiency alone is not the solution to the urgent problem of a better income for the farmer.

For some producers, such as hog and poultry farmers, that is the egg producers, large herds or flocks have proved disastrous.

Mr. Chairman, we had with us last week Mr. Lionel Sorel, general chairman of the U.C.C., an organization built up by the Quebec farmers. As you know, Mr. Sorel is also vice-chairman of the Canadian Dairy Farmers' Association and of the Canadian Federation of Agriculture, and this was the reason for Mr. Sorel's visit to Ottawa.

This association submitted a brief to the Prime Minister (Mr. Pearson) and the members of the cabinet. This brief was brought to our attention at a meeting of our group.

Mr. Sorel was not present at this meeting, for a good reason, I am sure, but we had an opportunity of ascertaining his views on the present farming situation.

Even though we were unable to meet Mr. Sorel, still it has been proved that Mr. Sorel is well acquainted with the problems of agriculture.

In the interview he gave a reporter for *Le Droit*, which was published in that paper on Friday, March 1 last, Mr. Sorel made the following statement with which I agree:

● (5:00 p.m.)

The farmers' problems are always the same. The challenge they must meet is always that of increasingly higher production costs, on the one hand, and selling prices which, for them, seldom or never change, on the other.

In fact, the farmer has two sets of costs to meet, his rising personal costs and his costs of production, Mr. Lionel Sorel, president of the Catholic Farmers Union of Quebec, said on Wednesday. Other workers, who are not directly concerned with production, do not have to cope with one of those two sets of rising costs, explained Mr. Sorel.

Mr. Sorel was in Ottawa at the time, in connection with the presentation of the annual brief of the Canadian Federation of Agriculture to the federal cabinet.

Here are a few points, taken from the brief of the Canadian Federation of Agriculture, which the president of the C.F.U. brought out: the need for consultation; the problems of the dairy industry in eastern Canada, the production of wheat in the west; farm loans and improvement, taxation, medicare and, finally, marketing.

Mr. Sorel indicated, on the same occasion, that to his mind:

—the farmers' appeal to the government was ill-timed this year because of the political crisis in Ottawa.

Mr. Sorel felt that the price of manufactured milk should be $5 per hundredweight. He said:

—the goal remains a minimum price of $5 per cwt. for manufactured milk. Even after three years of efforts and partial success, that objective has not been attained.

Indeed, Mr. Sorel is convinced that the average price of milk in 1967 was somewhere in the vicinity of $4.65.

Further on, Mr. Sorel pointed out another problem, namely that of marketing.

With regard to marketing, which in a way is to the farmer what collective agreements are to the worker, the president of the Quebec union said that the government of his province should soon come to an agreement with the federal government to eliminate the harmful effects of foreign competition.

He said that today competition comes both from foreign countries and the other provinces.

Mr. Sorel stated that the appropriate solution could probably arise from a delegation of powers between the two levels of government in Canada.

About the attitude of the Union nationale government in Quebec with regard to agriculture, Mr. Sorel had this to say: "I do not find it very constructive. We are not really told the truth.

People say: We want our rights. But concrete solutions are never put forward."

According to him, communications between the federal and the Quebec departments of Agriculture have decreased since the defeat of the Liberal party in June 1965.

Since I had been told the night before at a dinner with Mr. Sorel and an influential member of the cabinet, I feel that his

reference to the defeat of the Quebec Liberal party and the attitude of the Quebec Union Nationale was a declaration of love.

I feel also that it is rather easy to say at a given moment that co-operation is lacking. But when did that happen in Quebec? Did it become obvious in 1964, 1965 or 1966?

For instance, under ARDA, a joint program of the federal government and the provinces, Ottawa allocated $11 million for Quebec whereas the provincial contribution did not exceed $3 million. Everyone knows that funds are lacking.

As far as co-operation is concerned, I am always reminded of that young man who decides to get married. If he makes $125 a week he has a much better chance to find someone willing to co-operate than if he gets only $25 in unemployment insurance benefits.

One remembers the years between 1929 and 1939, when good farm hands earned a dollar a week and a great number of young people in the cities had to make do with the dole. At that time, it was very difficult for the farmer who wanted to set up his own home to find someone willing to co-operate. But when the war came along, wages rose, and Canadians all found someone willing to co-operate and set up a home. As you know, there was no pill at the time, and co-operation was one hundred per cent.

Personally, before I came here, I drove, as a worker, a $200-$300 car, and even if you had offered me a 50 per cent subsidy on a $6,000 Cadillac, I would not have accepted, for I could not even have paid my share. On the other hand, if the hon. minister gave me the same deal today, I would be willing to co-operate, because I have earned a steady salary these last few years.

Mr. Chairman, the problem of the farmers, whether in the eastern, central or western provinces, is a financial problem. Efforts are made to obscure the issue by various means; it is said that the difficulties are due to the political crisis which occurred in Ottawa, or to a lack of co-operation, whereas in fact they are due to a lack of money. Instead of dealing with the real problem, everything is being done to evade the issue. All those who want to speak on the subject are given ample opportunity to do so.

• (5:10 p.m.)

In Quebec, people say: Things are going badly because you are being robbed by the English. Supposing that such is the case, we must still admit that there are honest people as well as thieves among all races. There are honest people among the Jewish, Italian, Canadian or English people. Whenever the province of Quebec complains about the Englishmen, I should like to know, for instance, who has been swindling the English people in Nova Scotia.

I should like, at this stage, to make a short comment on a brief submitted to the joint committee of the Senate and the House of Commons on consumer credit. As can be seen on page 2964, No. 39 of the committee proceedings, the brief was dealing at that time with the housing problem and with personal income in Nova Scotia. This is something I wish to point out, since these people in Nova Scotia are Englishmen.

The brief states the following:

> The first factor that must be considered when discussing the housing situation here is that incomes are generally lower in the Atlantic region. Average incomes in this province run 25 per cent lower than the national average. Nova Scotia, then, has more than its share of poverty.

In a previous paragraph, one can read that:

> One fifth of all homes in Nova Scotia are overcrowded, without running water, bath or shower. Over one fifth of all homes do not have flush toilets. The number of homes requiring major repairs here is twice that of the national average.

Further on, we can read the following:

> This is an old province and the last one hundred years have not produced the expansion and growth experienced in most areas of this country. As a result of the stagnant population and industrial growth situation, our housing stock has remained much as it was 50 or even 100 years ago. Many of these old homes have been maintained so that they will not appear in bad housing statistics, and therefore distort these figures. Most of these very old; wood structures, residential and commercial, while sound, are not attractive.
>
> A portion of our housing stock must be demolished and a much greater portion restored if our communities are to become more attractive.

That report was submitted in 1967, when the hon. leader of the official opposition (Mr. Stanfield) was the premier of his province. When all is said and done, we realize that really pitiful conditions existed there. Nevertheless, since the arrival of the hon. Leader of the Opposition on the federal scene, newspapers try to make us believe that conditions are different, and they never speak about the problems of Nova Scotia.

We are told that the Leader of the Opposition has been successful in everything he undertook. Another day, we read in a newspaper that the hon. member initiated a campaign against the government. But with

regard to poverty in his province and its slums, I think that he should have started by bulldozing those slums before coming here to bulldoze parliament.

At all events, I repeat that the farmers' problem is not one of honesty but a financial one. The problem of starvation is not a problem of honesty either, but a financial one. The agriculture problem is not a problem of production but of consumption. Mr. Chairman, I wonder how farmers will manage to make both ends meet in the coming years. We realize that all classes of society lack the necessities of life.

We know that crop insurance, accepted by other provinces three years ago, has been accepted by the province of Quebec only this year.

We know also that the cost of this insurance is shared equally by the federal government and the provinces; that is, Ottawa pays 50 per cent and the provinces, 50 per cent. As for the premium, 25 per cent is paid by the federal government and 25 per cent by the provinces. Finally, there remains only 50 per cent to be paid by the farmer, by the person concerned. In spite of all that, Quebec has not been able to implement its plan earlier because of a shortage of money. Today, it is obvious that the minister should not wait for the provinces, should not flounder in joint programs, because under the present system, the provinces have become poor relations.

I do not know the intentions of the minister with regard to the continuing rise in the price of farm machinery. I do not know what will be his policy in the face of the farmers' requests for a price of $5 per hundredweight for milk. I do not know what will be his policy with regard to quotas which will be favourable or unfavourable to farmers who want to increase their revenue.

We know that the minister has decided to reduce cheese subsidies as well as subsidies on sheep and hog production on account of an inadequate budget.

I would like to remind you, Mr. Chairman, that during wartime there was never any mention of an inadequate budget. We did not wait until the government had collected taxes from people who were unemployed to declare war. We went right to the source, namely the Bank of Canada.

We also remember that price support was extended throughout Canada and in spite of the shorage of manpower, Canadian production increased to such an extent that it was used to feed part of the world.

[Mr. Godin.]

We also remember that millions and millions were granted as assistance to Great Britain. I feel that this gesture could be repeated and would be an appropriate opportunity for the Minister of Agriculture (Mr. Greene) to launch war against poverty. In view of the fact that England does not need any more of our gifts and that present subsidies are inadequate, I think that the hon. minister could consider granting a special discount, paid with new money, on all Canadian consumer goods. That discount could be paid on every food item produced and consumed across Canada. What was good for England would be good, I assume, for the whole Canadian people and it would be accepted by them.

When the government used the Bank of Canada, it was for the war effort. Of course, to use the Bank of Canada today would run counter to old habits. This always requires an effort, but, in my opinion, it would be an effort in the right direction. The minister could depend on the support of all the people, and in view of the fact that the farmers would be involved indirectly, he could depend also on the support of Mr. Paul-Henri Lavoie, general secretary of the C.F.U. who, it is a known fact, is one of the directors of the Bank of Canada. Since the agricultural class would be assisted indirectly with that new formula, I am convinced that Mr. Lavoie would be very happy to give his support to such an initiative. I imagine that Mr. Lavoie who is secretary of the C.F.U. and a director of the Bank of Canada, does not wish, any more than the hon. minister and myself, to see the appearance of a period similar to that of the years 1929 to 1939.

Mr. Ricard: Mr. Chairman, I do not want to delay any longer the business of the house, but I am glad to have the opportunity of saying a few words on the subject of agriculture in Canada.

It must be recognized that the minister's task, as he presides over the destiny of the Department of Agriculture, is a very arduous and important task indeed.

I shall not spend the time at my disposal in taking him to task, but I will rather use the few minutes available to me to make a few suggestions, together with a few suggestions to improve the well-being of our rural population in general.

We know, Mr. Chairman, that for the last few years, farming has been going through a

period of considerable development and transformation. Production methods have changed drastically. Machinery itself is changing from one year to another, which is not without creating very serious problems both to the farmers and to those who want to promote agriculture in the country.

• (5:20 p.m.)

The number of farmers has gradually been reduced in the last few years. Several marginal farms no longer exist and several more will disappear. That is why there is a need for close co-operation, not only between the federal and provincial departments of agriculture, but also between other departments. A close spirit of co-operation should exist between the two levels of government, and I hope that the Minister of Agriculture (Mr. Greene) will be willing to co-operate as fully as possible to prevent farmers from suffering losses through lack of co-operation at some stage of the discussions.

As things are at present, there should be continuous consultation between the various departments. It is to be hoped that we will see a continued improvement for the greater general good.

One of the main success factors for a farmer is doubtless the facility to get the necessary credit so as to equip and manage his farm. For several years, the Canadian Farm Credit Corporation has rendered great services to farmers, but, I think, we have reached a point where the act should be amended in order to enable farmers to take better advantage thereof.

I do not think it is slander to suggest that many times, the officials responsible for implementation of the Farm Credit Act do not protect the farmer's interests sufficiently. One would think that the sole purpose of some officials is to protect the government, which is much too rigid.

I know several farmers who have complained of their treatment. There was not enough confidence placed in them and they could not obtain the amounts which would have enabled them to develop their farm so as to make it profitable.

It is a fact that the farmer is generally a good risk. And I think that if banks could obtain interest rates in accordance with modern requirements, they would readily grant more loans to farmers. Therefore, I would urge the minister to use his power of persuasion to convince the officials dealing with agricultural loans, to have more confidence in farmers applying for an agricultural loan, because they are creditworthy.

It seems to me, we should have a special concern for the young farmers, who want to settle on the land. The minister knows also how few of our young people look to agriculture for their future. Those who would like to become farmers have great qualities, but often they are prevented from carrying out their plans, because their father cannot give them the money required to settle on their own land. In many families, more than one son wants to settle on a farm, but the father whose land is limited, cannot logically and equitably help all his sons to become farmers.

To my mind, that is where the farm credit bureau could be of great assistance, not only to the farmers who wish to borrow, but also to the nation as a whole.

It must be recognized that it is the farmers who feed the nation. If we place ourselves in a situation where sooner or later we have to get our supplies from foreign sources, it will surely be to the disadvantage of our people.

• (5:30 p.m.)

Mr. Chairman, I should like to speak, for a few moments, on the dairy industry. We know that this is a very important industry in Canada because it represents 40 per cent of the farmer's income. Therefore, we have the right to pay it a very special attention.

We know that in recent years, because of a policy that did not meet their demands, many farmers sold their cattle to devote themselves to other agricultural fields. The result was that interested farmers were handicapped and that many plants had to close down because of the lack of raw materials.

I would like hon. gentleman to pay a very special attention to the recommendation made to him by the C.F.A. We know that the C.F.A. presented last week to the cabinet its annual brief in which it repeated the request made last year and the year before, that it is absolutely necessary for the farmers to get a price of $5 per hundredweight of milk.

Indeed, the C.F.A. says in its brief that this price of $5 per hundredweight is even more necessary today than in previous years, because the cost of production is always increasing. We know, for example, that the average price which the Canadian farmer received last year amounted to $4.65 per hundredweight. It is easily realized that the request of the agricultural organization is reasonable and that the government should take measures at once to enable the farmers

to get this price. It is essential that the hon. Minister of Agriculture make available to the Canadian Dairy Commission the funds which will enable it to meet the demands of the farmers.

In its brief, the C.F.A. mentions also that the present dairy policy contains two things that are unfair to the people concerned. The first one concerns cream shippers who get rather less than the producers of manufacturing milk. According to the brief, the second concerns discrimination against the producers of fluid milk who must sell a substantial part of their production for processing at a price established by the industry. This deprives the fluid milk producer of a badly needed revenue supplement. To this end, the federation submits the following recommendation:

> We believe that more funds are needed to bring back the old federal policy whereby subsidies paid to the other dairy producers were also paid to the fluid milk producers—

In its brief, the federation urged the government to revert to the old way of paying subsidies, which was more suited to the farmer's needs.

The cheese industry is also of the utmost importance. As you know, the Lac St-Jean area alone exported last year about six million pounds of cheese to Great Britain. The managers of the cheese factories in the Lake St. John region believe that they will encounter difficulties because of the devaluation of the pound sterling. According to rumour, and in view of the devaluation of the dollar, it would not be surprising if cheese sold at about 15 cents per pound less than last year, and this will surely affect the amount paid by the cheese factories to the farmers. Therefore, the hon. Minister of Agriculture should not reduce the bonus on cheese, as he proposed or intended to do. This bonus should remain, for it is in the interest of the farmers who produce cheese.

Mr. Chairman, this leads me to talk for a few minutes about the need to increase compensation for animals slaughtered on account of contagious diseases.

A few weeks ago, I had the pleasure of introducing in the house a notice of motion urging the house to study the possibility of increasing compensation paid for cattle slaughtered under the Animal Contagious Diseases Act. I set such compensation at $200 for pure-bred cattle and at $125 for cross-bred cattle.

When one knows, Mr. Chairman, that a good milch-cow, for instance, costs $500, one must face the facts and conclude that the compensation paid a few years ago is inadequate. The C.F.U. representative would like an increase in the compensation paid, and I feel that the minister should do his utmost to meet his wishes.

It is true that the motion I introduced was referred to the standing committee on agriculture for consideration, but that is not enough. I think that the minister would give the farmers a most welcome gift if he announced shortly that he has taken the necessary action so that the compensation I suggested in my notice of motion will be paid.

There is another source of concern for our farmers, mainly for the fruit and vegetable growers. Every year, Mr. Chairman, greenhouse products from other countries compete with our Canadian products.

I think that the hon. Minister for Agriculture should pay a great deal more attention to the matter, than he has in the past, because when our farmers' products reach the market, it is already overloaded. It follows that our farmers are forced to lower their prices in order to sell their products. It is quite interesting for the housewives to have, earlier in the season, strawberries on their table, but to me it is only a matter of logic, and the hon. minister should protect our producers.

I know that in some quarters prevails a certain ideology under which we buy products abroad at a better price than those produced domestically. If we follow up that ideology, sooner or later we will necessarily have to assist our farmers or to direct them toward other forms of production in which they are interested.

I think that even if the consumer lacks greenhouse products for a week or a few days more, it will bring a distinct advantage to our farmers.

• (5:40 p.m.)

Shortly after taking over the portfolio of agriculture, the minister promised the farmers, if my memory serves me right, that a thorough study would be made of the various conditions concerning the purchase of farm machinery, and he also promised them relief.

Farmers are still waiting for the minister to carry out his promise in that respect and it is high time that he should assure them of his support and take positive steps to put an end to the yearly increase in the prices of farm machinery.

Finally, Mr. Chairman, I should like to tell the Minister of Agriculture that hog producers were sorry to hear that the bonus on hogs would be reduced. I trust the minister, after having given due consideration to the matter, will make strong representations to the Treasury Board, in order that the decision to reduce the bonus on hogs will be dropped. If not, Mr. Chairman, I hope the minister will realize that farmers are going to lose a great deal of money as a result of this decision and they will find themselves in a very unfavourable position to meet their obligations and production costs.

In conclusion, Mr. Chairman, I will ask the Minister of Agriculture to tell us what measures he plans to take, in order to ensure that our Canadian products will not be adversely affected by the Kennedy round of tariff negotiations.

Farmers are greatly concerned at the present time. Seeding time is fast approaching and our farmers would like to be assured that their efforts will not be in vain, in short that they have not worked for nothing.

Already the farmer has to face many unknown factors that can ruin the fruit of his labour for a whole season. He should not, in addition, face the risk that imports of foreign products will force him to reduce his operations or force him to sell his products at a price that would not enable him to meet his production costs.

This being said, Mr. Chairman, I should like to repeat my best wishes to the Minister of Agriculture and assure him that the farmers expect to receive from him the protection they are entitled to.

Mr. Côté (Nicolet-Yamaska): Mr. Chairman, I should like during the few minutes at my disposal to discuss that famous problem of agriculture, but in a context somewhat different from that of my colleagues, that is in relation to its future, endeavouring as much as possible not to play politics. I do not wish to congratulate the Minister of Agriculture (Mr. Greene), in order to increase his political capital, but on the other hand, I do not want to criticize him and have the press report that I have done a good turn to agriculture, because I wish to speak about its future.

I heard a member opposite early this afternoon stating that the minister had a poor record up to now. I found that he was rather harsh until he said that when the Conservative party came into power in 1957, it had issued a challenge.

Mr. Chairman, I remember that challenge in the dairy industry. I do not want to quote figures, since, as I said earlier, this would be dabbling in politics and the hon. member would be embarrassed. I would prefer to refer to the problem of agriculture, or to make an attempt at showing it from another viewpoint different from the monetary angle.

Nowadays, I think the problem of agriculture is rather a social problem. It has reached the point where you see the young leaving our rural areas to go and live in the cities. When I was a boy, I sometimes had to walk to school barefoot, as my parents had very little resources. However I did not feel I was being persecuted, since my schoolfellows came from the same background as mine. But today, our children have to go to school in urban centres, where they mix with children from other classes of society.

As a matter of fact, when a child suddenly realizes that a school friend is better off, that he has some spending money, that a little girl can change her dress a little more often, that child suffers from an inferiority complex and finds it somewhat more difficult to concentrate on his studies. He returns home and asks his mother to buy him the same things that the others have. If he does, it is because he is intelligent; if he realizes it, it is because he is intelligent.

Quite often, the conflicts that arise in rural families are merely due to a lack of money.

It was explained earlier that the lack of money was due to a faulty administration. There is no doubt about it. It is a known fact that the state must subsidize 50 per cent of the farming community, but it is also true that the latter is responsible for that situation to the same degree. This is not surprising, because the farming community has given priests and bishops to the church, lawyers and notaries to the legal profession, politicians to public life.

So, who is left in agriculture? People who experience perhaps a little more difficulty than others in understanding problems and managing operations. In the light of all these facts, we have before us someone who has trouble managing his property; in my opinion, a successful farmer is a very intelligent man, with a variety of skills hard to find in other

levels of society, because he must be businessman, accountant, veterinarian—without a diploma, but able to detect diseases affecting animals—and also a mechanic. With all this, he succeeds as a farmer because he is a superman of sorts. However, a farmer's problems result sometimes from bad management. That is the important point.

• (5:50 p.m.)

I wish to congratulate the minister who took the initiative of putting computers at the disposal of the farmers to enable them to administer their farms better.

Macdonald College has already begun using them. In my opinion, that will give agriculture a new impetus. It is almost impossible to be sure of selling our products because of foreign competition. Therefore, we must find a way to get a maximum production out of our farms. That is where computers will be really useful.

I was a dairy farmer at one time and only after having been able to assess the production of each head of cattle I had—it varies a great deal from one to another—I realize that this cannot be determined at a glance. We need technicians. Technique plus practice may lead to a reasonable income.

Besides the technical aspect of the problem, I would like to draw the minister's attention to a few particular points which, in fact, have been raised by other hon. members including the hon. member for Portneuf (Mr. Godin), who, I am bound to say, seemed to have some idea of what he was talking about. Listening to him, one knew that he had first hand knowledge of agricultural problems.

Then there was talk of quotas. That should be changed. Mr. Chairman, I should like to draw the attention of the minister to the question of quotas. Five dollars was the price mentioned at first. The hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard) spoke of $5 a moment ago. But in the Saint-Hyacinthe-Bagot region, as in the 26 ridings in the province of Quebec which are part of a large co-operative of that province, the average price of milk will range from $4.94 to $4.96 per hundredweight. This last figure has not been announced officially, but it is very close to $5.

Now, since the Minister of Agriculture had set his objective at $4.75, one must admit that he went over it and the farmers of my constituency are quite grateful to him for that.

[Mr. Côté (Nicolet-Yamaska).]

In addition, and if we had not lost the 25 cents premium paid by the province of Quebec, we would have $5.25. At this point, I ask those who are close to the provincial authorities not to be shy if they can help to get that premium for the areas where the price of milk does not reach $4.75 per hundredweight, because it is impossible for the federal government to establish a price throughout a province and throughout the country, considering the diversity of conditions in agriculture because of geographic location or changes in the weather. In fact, even in the province of Quebec, it is not necessary to go below Quebec city, or lower Quebec as they call it, to realize that the dairy industry is operated at an inferior level.

This is, I think, a unique problem which comes within the jurisdiction of the province. The federal government gives subsidies in order to establish an average price across Canada, but since particular factors have to be taken into account in the provinces, the decision should remain theirs, provided there is an agreement between the provinces, that they will not resort to dumping practices and then ask the federal government to settle the problem.

In our district for example and in the rural areas of the eastern townships, in the Montreal area and in the Beauce area, which covers 23 counties, we get nearly $5. However, there is a deficiency in the field of quotas.

Mr. Chairman, I should like the hon. Minister of Agriculture, to think of the farmers who gave up the market of fluid milk in favour of industrial milk, assuming they would be eligible to subsidies, because their production is a little too close to the 45 per cent standard established by the commission, to forbid farmers to change from one production to another. Therefore, those who have changed because they were not aware of the regulations are penalized. These people are not recognized as producers of processed milk entitled to subsidies. Everyone knows that if you go through a stop sign even if you claim later on it was unwittingly, you still have to pay. Consequently, I believe that those who were penalized should be granted the quota for this year. In the year 1967-1968 the farmer was obliged to sell his milk at $3.54, and if it were possible for that farmer who cannot go back to the production of fluid milk, to be recognized, then he could be subsidized.

Quotas under 50,000 pounds of milk were also mentioned by an hon. member. For the

benefit of those who do not know it, the commission has already recognized those quotas and I even think that it has been lowered to 12,000 pounds. Personally, I was not in favour of such a low quota, because a 12,000-pound production represents only the yield of two cows which produce 6,000 pounds of milk each. A farmer cannot live on such production and I am under the impression that it is even prejudicial to anyone who would like to make a living out of farming or dairying.

However, let us say that due to pressures by farm associations, the Canadian dairy commission following an agreement with the hon. minister, has recognized the merits of that request.

But I also think that we should consider raising them so that the farmer who wants to live on dairy farming gets a large enough production, because no one can live reasonably with less than 200,000 to 300,000 pounds of milk.

Mr. Chairman, may I call it six o'clock.

[*English*]

The Chairman: Order. It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Assistant Deputy Chairman: Order, please. When the committee rose at six o'clock it had been considering vote 5c of supplementary estimates (c) of the Department of Agriculture.

[*Translation*]

Mr. Côté (Nicolet-Yamaska): Mr. Chairman, before the committee adjourned, I was trying to explain to the Minister of Agriculture (Mr. Greene) that some deficiencies exist in the administration of the Canadian Dairy Commission, especially with regard to quotas.

I have not dealt specifically with the price of milk. I said that it reached almost $5 per hundredweight in some areas, but not in the country as a whole. I could have asked, like some opposition members, an increase of 25 cents per hundredweight. I would then have expressed the same wish as the minister. He would have liked to comply with that request, but even had I asked him for such an increase, it would have been to little avail. When the price of milk is raised by one cent per hundredweight, it costs $1 million to the country. If a further increase of 25 cents is requested, then the Minister of Agriculture would have to ask the Minister of Finance (Mr. Sharp) for $25 million more.

Every time that members of the opposition or of third parties ask for higher milk prices, the Minister of Finance must set up a new fiscal policy to get the money. He would then be defeated by the opposition, and that is why it is useless to ask for it. I would rather stick to the present quotas.

I would like to see all those who have abandoned fluid milk production for industrial milk production be recognized by the Canadian Dairy Commission as industrial milk producers in order to benefit from a quota for 1968-69.

Another problem which I want to bring to the attention of the minister and which involves many people is that of the milk producers who sell a few quarts of fluid milk in villages or rural areas. Because they sell 2, 3, 4 or 5 per cent of their production, or 5 to 10 quarts of fluid milk, these farmers are recognized as fluid milk producers and are ineligible for subsidies paid by the dairy commission.

These same farmers are forced to stop delivering milk to the villagers and to go exclusively into the production of industrial milk; even then they are not recognized. As for the villagers, they are forced to buy their milk from city distributors at twice the price they would pay at home. I should like to bring one of these cases to the attention of the minister. In my riding, several farmers have stopped selling a few pints of milk in order to be recognized by the Canadian Dairy Commission, and they have not even been recognized. If possible, I should ask that subsidies be granted to these people in 1968-69. We should also think of young farmers with financial obligations and whose quotas do not amount to 300,000 lbs. of milk. These younger people should be afforded the opportunity to have their quotas readjusted according to their production for the year 1967-68.

An 18-year old youth who is almost a salaried worker or who does not receive a salary from his father tries to invest, to get a piece of land which he will be able to work one, two or three years later.

But the father is not recognized as having two employees officially and he cannot get a quota exceeding 300,000 pounds of milk. I would like those farmers to receive subsidies and to be recognized by the Canadian Dairy Commission.

I am calling on the opposition members who asked the government to help the farmers. Since I have been here, I think it is a very nice gesture on the part of the opposition to call on the minister to help the farmers. Thus, on the one hand, we are ready to give to the farmers but, on the other, the minister is not given the necessary funds. If we are serious, we will stop indulging in politicking and perhaps let the Minister of Agriculture go to the source to get the funds needed for agriculture.

Now, Mr. Chairman, I would like to congratulate the Minister of Agriculture—I certainly hope that the members of the press gallery do not hear me because they will think that I want to praise him—for the help he gave the farm associations.

When two or three organizations merge, they have the advantage of being classified by the federal government as being of class "B" which enables them to get a 50 per cent subsidy for awards to cattle, as well as 50 per cent compensation for certain expenses, and the judges are paid by the federal government.

In my own riding, I had the opportunity, as chairman of the district organization, to merge three farm organizations which were granted a $4,900 federal subsidy last year. That was given to the farm organizations because their fairs reflect the agricultural character of our areas and show what is being done in agriculture. In fact, these are the only contacts we have left with the other classes of society. We do not see each other as before. We no longer sell as our fathers did, to a brother or a sister, in cities. Fairs organized by farm organizations constitute the only contact with city residents and by that initiative, the Minister of Agriculture contributed more than $10 million.

Now, that amount of $10 million coming from the treasury and evidently from taxpayers was allocated to assist agriculture. Sincere persons must consider, when a request is made, that the money must come from somewhere.

In connection with agricultural organizations, I wish to point out a fact to the minister. When two or three organizations merge, they should be in a position to obtain loans either through Central Mortgage and Housing Corporation or otherwise—I do not know the answer; I am somewhat like an hon. member opposite; I make proposals without knowing where they will lead me—

[Mr. Côté (Nicolet-Yamaska).]

at interest rates of 3 or 4 per cent, and repayable over a 25 or 30-year period in order to develop a proper location to exhibit under proper conditions the products of our 1968 agriculture. Again, it will be necessary to obtain money so as to be in a position to grant those loans to a small agricultural company.

• (8:10 p.m.)

In the field of animal disease, the hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard) some time ago presented a motion asking for larger indemnities. I did not take part actively in the debate at the time because the hon. Minister of Agriculture had told us last year that he wanted to prepare something in that regard and even line up an increase in the yearly budget. I shall be very pleased when the Minister of Agriculture makes that statement. I feel he will soon make it.

Some members of the opposition—of whom the hon. member for Saint-Hyacinthe-Bagot—made a request which, to my mind, is very reasonable, with regard to cheese premiums, namely 2 cent subsidies for 94-score cheeses and 1 cent for 93-score cheeses. I think that the hon. member was not acquainted with the true problem regarding this subsidy.

In 1944, the government decided to give a subsidy in order to promote the production of better quality cheese. In 1944, 48 per cent of the cheese scored 94 points. It reached 71 per cent and for the last few years it showed a tendency to level off. Maybe the amount of money is not as profitable as that. The dairy farmer took steps to put on the market a good quality product. He recognized the need to have a good product, to be able to sell it on the international market. Today, it would seem he has come to the point where he cannot improve further his production because certain factors are not being respected. For the industrial producer, it is perhaps not profitable to do more.

Some large dairy industries seem to be almost always able to produce cheese scoring 94 points, while others cannot. Money is thus invested in better organized industries, which do not need this money to produce a certain quality of cheese, but nothing is done to help those for whom there is room for improvement.

On the other hand, there is also the price of pork. The subsidy to pork producers has

been reduced. There is another problem that we must try to examine properly. I know that in my riding and in that of Saint-Hyacinthe-Bagot—if I often talk about the latter, it is because it is next to my own, where we find the same type of farming and the same problems—but perhaps the hon. member for Saint-Hyacinthe-Bagot is not aware of the conditions of the pork industry—you find pork breeders. Some people go in for integration. Farmers are told: you must produce, you will be provided with piglets and financing and then, you will get $3 per hog. All you have to do is sign the invoice, the cheque, and give them to us. In that case, I feel that the money is taken from the Department of Agriculture but is not handed over to the farmers.

I do not want that subsidy to be discontinued. I would not want anybody to say that the hon. member for Nicolet-Yamaska is against subsidies for farmers. But I want those subsidies to be paid so as to benefit the farmers. Such is the change that I am asking for. Let us say that the subsidy is being discontinued temporarily because of restrictions. The Minister of Agriculture will certainly have to make further restrictions if the opposition refuses to vote the necessary estimates. But if we are to eliminate the farmer's problems all members of the house will have to agree to increased taxes, even if that is bad politically. If we are aware of the problems of that class of society, we must assume our responsibilities, face the electorate and explain that the money we put in the pockets of some members of society must come from society as a whole. It is as plain as that.

Mr. Chairman, I see my time is running out and I would ask a few minutes more.

It must be understood that when we ask for assistance for our farmers—I am speaking to all those who are not familiar with agriculture and who do not live in a farming area —farmers are not pocketing the money or hoarding it in their cellars. However, every dollar invested benefits the whole industrial and commercial sector. Agriculture represents 35 to 40 per cent of the national economy. This includes not only the sale of agricultural products, but everything that has to do with agriculture. Money invested in agriculture is not only invested in farming but in the whole community which is dependent upon agriculture.

I toured the Gaspé and Timiskaming regions and I saw places where there is nothing but rocks for 20 or 25 miles, small villages whose inhabitants depend wholly upon the tourist trade or on fishing for their living. However, if you cross a plain of about 10 or 15 square miles, you see farmlands, a pretty village and all sorts of enterprises which settled there because they depend on agriculture.

Every time the farmer is subsidized, he buys something to improve his operations. We should not get the idea that those subsidies are simply going into the pockets of the farmers.

In order to prove my point, I am going to quote some figures which will show that any investment in agriculture is beneficial to many.

For instance, in 1965, dairy producers shipped products valued at $909,172,000, that is $145,186,000 more than in 1961. Now, that increase of more than $145,000,000 went to organizations related to agriculture. The dairy industry employed 31,866 persons whose salaries amounted to $137,681,000. The cost of supplies and raw material amounted to $721,-735,000. The cost of containers and packing material amounted to $47,798,000. The cost of fuel and electricity should also be added. That impetus given to the dairy industry permitted the purchase of supplies in other fields.

I see that my time has expired, and to give an opportunity to others of my colleagues to state their views, I shall resume my seat and ask all who are present here to realize that when the Minister of Agriculture makes special requests to the Minister of Finance, those concern other sectors of the economy.

[*English*]

Mr. Stanfield: I think we can all agree, Mr. Chairman, that there are many serious problems facing Canadian agriculture and I say at the outset that in the time I intend to take tonight I do not propose to solve all of them. After all, the minister himself has not succeeded in doing so during all the time he has been Minister of Agriculture, so I shall not attempt to do so in half an hour tonight. Nevertheless, there are some views that I wish to express.

I think the problems involved in agriculture are revealed by statistics with which we are all familiar in connection with rural poverty and farm income in relation to other sections of the economy. The extent of the difficulties is revealed also by the obvious dissatisfaction of Canadian farmers to which my hon. friend from Kent (Ont.), referred on Friday. After all, Mr. Chairman, a couple

of years ago 60 per cent of the farmers of Canada were sufficiently unhappy about the approach of this government to agricultural problems that they cast their votes against the government, and I think the proportion would be much higher today. However, I suggest there are several misconceptions widely held about Canadian agriculture and I think they are reflected, to some extent at least, in the approach of the government.

• (8:20 p.m.)

I think it is worth emphasizing that agriculture is not an isolated industry unrelated to anything else. We say this all the time, but I think it is worth emphasizing the significance of it. Agriculture is of course directly affected by general government policies, and not only by the policies of the Department of Agriculture. I think this is an important point to keep in mind. Equally important of course is that agriculture itself directly affects the economic health and progress of the country. We cannot think of agriculture in isolation. We cannot deal with agriculture intelligently isolated from the rest of the economy. There will not be a healthy Canadian economy unless there is a healthy agriculture—

Some hon. Members: Hear, hear.

Mr. Stanfield: —and there will not be a healthy agriculture unless there is a healthy Canadian economy.

Today the farmer is caught in a cost-price squeeze. His international markets are threatened by the apparent reluctance of the government to pursue these markets vigorously. His domestic markets are threatened by import policies which certainly many farmers and farm groups find incomprehensible, and there is a particular difficulty in securing credit except to the extent that it is supplied directly by government agencies. Farmers are caught up in the general uncertainty as to the Canadian economy and government economic policies.

Agriculture of course is an industry in which the federal government is very heavily involved, as well as provincial governments. On many commodities government policy controls quotas. Government policy controls transportation and transportation charges. Government policy to a very considerable extent controls marketing, the rate of stabilization payments, the decision as to whether stabilization payments are to be made, and to a very large degree the availability of credit. Consequently to a very large extent the fate of the farmer is in the hands of the government.

The government is certainly deeply involved, certainly it cannot withdraw. I seem to discern—and I hope this is not justified—but I have an impression that the minister and the department tend to some extent to wash their hands of the problem involved as being too difficult, and something that will have to be worked out by the process of attrition. But I suggest the government has an obligation to develop effective long range policies.

No one can deny the difficulty of the problem. Certainly I do not. Our agriculture problem on the one hand is related to persistent world poverty and on the other hand to rapid technological change, which confronts our farmers with constantly changing conditions of production and competition. Agriculture is certainly resistant to any blanket policy because of the different types of farming in our country, because of the regional differences, because of the great variety of crops that can be and are grown in Canada. But surely the difficulty of the problem is not an excuse for ineffective policy, nor is it satisfactory simply to phase out the industry or allow it to work out its destiny through a process of attrition.

Our agriculture must be viable. The world, as well as our country, needs and will continue to need food. The former Conservative government, which had confidence in Canadian agriculture—

Some hon. Members: Hear, hear.

Mr. Stanfield: —introduced some very important initiatives in the fields of credit marketing, the ARDA program, and indeed other programs. The policies of that period created a momentum and an optimism in agriculture, a feeling which has definitely been allowed to lapse. Many of the present policies relating to this industry of agriculture are either ineffective or else cause more problems than they solve. I think perhaps it is an even more serious criticism that the basic approach of the government to agricultural policy has very serious faults in itself.

I have already emphasized in a general way the importance of the government's general economic policy, or lack of it, to agriculture. We have made our point before about mismanagement of the economy and the general lack of confidence in the economic policy

of this government. There is no need for me to review this now, except to say that the economic mismanagement of the government affects the business of agriculture at least as effectively as it affects any other business.

There are particularly serious consequences for agriculture in inflation. I would simply remind the minister of the increase in farm costs that has taken place during the last two or three years. In 1960 through to the end of 1963 there was an annual increase in farm costs, but it was relatively moderate. The increase for 1964 in farm costs in Canada was 10 percentage points; in 1965 it was reported to be 13 percentage points, and in 1966 it was 22 percentage points.

Some hon. Members: Shame.

Mr. Stanfield: That is, I should say, 22 percentage points over 1963. This shows a steadily increasing rate in farm costs.

I think inflation is the largest single factor contributing to the cost-price squeeze in which the farmer finds himself. Inflation increases the prices which the farmer must pay for his means of production and for the other commodities he buys, and of course it eats away at the effective returns he receives, because it reduces the buying power of his dollar. Inflation holds a special threat to the agricultural community because unfortunately many farmers already live near the subsistence level, and few farmers are able to pass the burden on to others.

Many of our farmers are competing in international markets in which prices do not reflect inflationary pressures in Canada, but certainly our farmers' costs of production reflect inflationary pressures. Many of our farmers who do not sell in international markets, who sell only in our domestic markets, are competing also with outside producers who are not subject to the same inflationary pressures. The abject failure of this government to control inflation is, I suggest, costing the farmers of this country dearly indeed.

Closely related to inflation is the high, increasing rate of interest which farmers have to pay for credit in Canada today. The investment required to operate an efficient and competitive farm increases each year. Inflation aggravates very substantially the farmer's investment problem by adding to the cost of buildings and of equipment that he must buy. But the cost of farm credit today, except where it is available through provincial and federal agencies, makes it increasingly difficult for a farmer to maintain efficiency and make a profit; and certainly he cannot make a profit if he is not efficient, Mr. Chairman.

I think credit is particularly difficult to obtain at today's rates. Raising the bank rate almost dried up the source of credit for farm improvement loans which involved a statutory ceiling of 5 per cent, because naturally banks are reluctant to lend at those rates when there are more attractive rates available.

• (8:30 p.m.)

I think the cash squeeze on some of our farmers is particularly acute, especially in western Canada where the sales of grain have been disappointing. Consequently the farmers are facing an acute shortage of cash. Then in addition we must remember that the general rate of return on farm investment is substantially lower than in most other sectors of the economy. Consequently the attractiveness of farm investment is particularly affected in an adverse way by any substantial increase in the cost of credit to the farmer. This is one more example of how the actions of this government today frustrate the operations of programs which have been passed by parliament, and which are known to be necessary for healthy agricultural growth.

I recognize that part of the pressure on interest rates is international in origin, but we know all too well in this country that the recent increase in the bank rate is due to protective measures which were felt to be necessary in order to take care of conditions within Canada. I suggest that the scarcity of credit and the high cost of credit to the farmer is a clear indication of the disastrous consequence to the farmer of the general absence of economic policies on the part of this government. In addition, the question of confidence affects the farmers as it affects other people in business. Agriculture is now big business which requires, as I indicated, a very large capital investment. Anyone making a large capital investment requires the type of certainty which makes long term planning possible. Even if a farmer should be able somehow to arrange his financing today, naturally he is reluctant to make large commitments perhaps at high rates of interest and certainly under conditions of anything but a secure return.

Naturally under these conditions farmers are jittery in terms of investment, and unwilling to make long term commitments while economic prospects remain uncertain.

This economic uncertainty in agriculture is complicated by the further uncertainty resulting from inconsistent and unco-ordinated government federal policies. I have referred to the effect of the raising of the bank rate, and the effect this naturaly has on farm credit. The hon. member for Kent (Ont.), referred on Friday to the inconsistency involved in emphasizing retraining on the one hand and on the other hand cutting back on the federal involvement in vocational schools where training must take place. Several speakers have pointed out the inconsistency between a federal policy which subsidizes Canadian production on the one hand and allows import competition on the other. Clearly the present government seems to lack an over-all policy with regard to agriculture because I think if one existed the inconsistencies could be avoided.

As a whole I believe this clearly indicates that the government gives rather low priority to the farmer and to agricultural problems because, as well as the inconsistencies within the federal government, serious conflicts can arise between governments and perhaps it is time to consider more effective measures for co-ordination between governments at different levels. I suppose it is clear that problems of provincial jurisdiction are involved to some extent, but I think these can be overcome by a federal government which is prepared to perform its obligation of leadership and adopt a co-operative and reasonable attitude.

I should point out that in addition the government has made several bad decisions for which Canadian farmers have had to pay the price. These are not necessarily decisions of either the Department of Agriculture or the Minister of Agriculture, but they are decisions which definitely affect the farmer in a very real way. As has been stated many times in this house, a government blunder left Canadian farmers without a world wheat agreement, and therefore unprotected, for a period of some 11 months.

Some hon. Members: Hear, hear.

Mr. Stanfield: Now I understand that as a result of this there has been some price undercutting. The hon. member for Qu'Appelle has pointed out previously that the United States would never have become involved in this type of thing—price competition with Canada —had this Liberal government not dropped its gentleman's agreement relating to price stabilization, an agreement which had been developed by the former prime minister, Mr. Diefenbaker, and President Eisenhower, and confirmed I believe as recently as April, 1963 by the late President Kennedy.

That agreement, which had been sustained through informal quarterly meetings between the Canadian and United States officials, apparently was abandoned by the Minister of Finance and the Minister of Trade and Commerce. The Canadian farmers bear the burden of this decision on the part of the government, because it is the farmers who directly bear the burden of the lack of stability in prices.

Government policy clearly has complicated the problems of the dairy industry. The blame for this I believe lies at the door of the Department of Agriculture, because I think in three years we have had three different national dairy policies. That type of action defeats planning and destroys confidence.

Now there would seem to be the danger, because of its indecision and lack of leadership, that the government may allow the difficult situation at the Montreal docks to continue. This is a condition which obstructs the movement of grain and one which is particularly unfortunate now, when the farmers have already suffered through an autumn when deliveries were difficult. The government recently has been questioned about this matter and is held responsible by this house. It is important that action be taken to ensure that shipments of grain are not further disrupted by troubles at the docks in Montreal.

It is not just the policies of the Department of Agriculture which affect the farmers; it is the policies and activities of the government in totality. Perhaps the most serious aspect of the policy of the government, such as it is, is that it seems to be based on a rather sweeping premise that the number of farms should be reduced and an emphasis placed on larger units. Certainly some farmers must be helped to move and many others must be encouraged to diversify. I suggest, however, that it is wrong to base an agricultural policy on the sweeping view that we must everywhere cut back on the number of farms and increase the size of the unit, because I believe there is some evidence that the future of Canadian agriculture in some respects lies in more intensive farming, increased productivity per unit and not necessarily in larger units. That seems to be the conclusion of the Kemptville study, which drew evidence from all over

Ontario, and of the study conducted in one of the larger grain producing areas of Alberta.

There is evidence that in the next decade the best use of land will require more farms than at present, not fewer, and that land which is not now in use will be brought into production. This of course was one of the basic purposes of the ARDA project, which we believe should not be forgotten when considering the agricultural policies of this country. Those policies, I suggest, ought not to be based on sweeping premises which are not valid everywhere. I believe there is good reason to anticipate in the future an expanding market for an expanded Canadian agriculture based on the continuing growing demand in the world for food. This does not solve our immediate problem, of course, but it does give us grounds for confidence in the future.

• (8:40 p.m.)

It is known that the world is entering a period in which the spectre of famine again threatens the progress of less developed countries. The coming decades will apparently be years of crisis so far as famine is concerned. I think there is a real challenge for Canada to co-operate with other developed countries in international programs which provide immediate food relief, by building up a long range agricultural capacity for selected recipient countries. That may mean changing from the attitude whereby we should produce for the nearby city or domestic markets only. Certainly this will require research for the development of new techniques of processing and marketing to allow an increased flow of all Canadian farm commodities to foreign markets.

I should like to say a few words about ARDA, because I believe this program is of central importance to Canadian agriculture, perhaps particularly in the Atlantic provinces and Quebec. It is important not only to those provinces but to all areas of Canada where farm income and productivity has been inordinately low. Under the present government I think ARDA has not realized its full potential. It has placed emphasis on studies which, of course, are necessary, but this has not been sufficiently matched by an emphasis on action. We continue to believe that ARDA could be one of the most effective instruments of social and economic policy ever devised in Canada, but it must be used if it is going to achieve this purpose.

Let me emphasize again that agricultural policy must be based on a sound and growing economy. The government must attach a high priority to agriculture, taking the long range view and recognizing that as an industry with several problems, it is also an industry with expanding opportunities. The government has not shown much confidence in the future of agriculture, and agriculture itself must have confidence in the government.

This industry like all others must of course adapt to change, and the government must assist the process of change, not resist it. Farmers must be efficient to survive profitably; but how can a farmer become efficient and maintain efficiency under the general economic policies of this government as applied in this country today, where credit is as scarce as the proverbial hen's teeth, and when the cost of production is so high in relation to anticipated earnings? Most farmers today have little incentive to mortgage not only their farms, but their lives, because of the little hope and expectation and little return.

The particular point I want to make is that it is not enough to improve efficiency because improvement in efficiency can be taken for granted. I suggest that the government and the minister, so far as agriculture is concerned, have been caught in a vicious circle. Certainly to be profitable a farm must be efficient, but because of rising costs fewer efficient farms are profitable. I suggest this government is eliminating incentives to be efficient by permitting inflation to continue and allowing the farmer to be confronted by high cost credit, making it virtually impossible for a farmer to feel any confidence in planning his investment.

So, as I say, it is all very well to talk about efficiency, but the total effect of government policy is to eliminate the incentive for farmers to be efficient today. I suggest this is a very serious state of affairs. There are very many problems in agriculture today. Before much progress is to be made with these problems this government, or some other, must once again provide some incentive for the farmer to be efficient, and make it possible for the farmer to plan wisely and to look ahead with some confidence of gaining a reasonable return on the increasing investment he has to make.

Thank you very much.

Mr. Greene: Mr. Chairman, I was most pleased to see the Leader of the Opposition enter this debate on farm policy. I must

apologize to other members who have spoken, because I certainly intend to the best of my knowledge, to attempt to answer the queries they have raised, but in light of the position held by the hon. gentleman who has just spoken as leader of Her Majesty's Loyal Opposition I think I owe him the courtesy of speaking immediately. I trust other hon. members will bear with me in this regard.

First of all, the hon. gentleman began in a tone of humility by indicating to the house that he would not have all the answers or solutions to agricultural problems in half an hour. Whatever else may be said of the speech he has just made, I think we can all agree that his humility was well justified. What we have heard is a series of platitudes in respect of the problems facing agriculture, most of which have been voiced over the years by other speakers when discussing agricultural problems.

The hon. gentleman has not taken care to check the facts he has presented to us in respect of the well-being of the agricultural industry today as compared to its well-being at the time when the country was beset by the government of the party opposite. I think possibly it might be well, as we all wish the hon. gentleman good fortune during his years in opposition, if we set the facts straight, so that in the future he may base his agricultural criticism on the facts as they exist.

First of all, the hon. gentleman indicated that this government had been remiss in some ways in respect of its export policies, and indicated that if there had been vigorous export policies larger markets could have been found. He suggested this was one of the inherent problems. Let me help the hon. gentleman by citing the record in this regard, particularly in respect of the comparison he attempted to make between this government and the Conservative party when it was in office, as to the respective measures taken to achieve export sales. These are the facts for the perusal and consideration of the hon. gentleman.

Wheat is probably the major item of our agricultural exports, which has contributed greatly to our balance of payments, and represents the considerable and worthy contribution made by the farmers of Canada. In 1960-61 some 353.5 million bushels of wheat were sold at a value of $602 million. In 1961-62 some 358 million bushels of wheat were sold at a value of $686 million while in 1962-63 some 331.4 million bushels of wheat were sold at a value of $668 million.

[Mr. Greene.]

• (8:50 p.m.)

Then, strangely, things began to improve. In 1963-64, there were 594.5 million bushels which brought to the farmers of Canada a total of $1,185,000,000. In 1964-65, the figure is 399.6 million bushels, bringing to the farmers of Canada a total of $880 million. In 1965-66 the figure was 584.9 million bushels, for a total return of $1,126,000,000 to the farmers of Canada. In 1966-67, the estimated figure is 516.6 million bushels for a total of $1,072,000,000 return to the farmers of Canada.

An. hon. Member: Finish the story.

Mr. Greene: I know that hon. gentlemen opposite do not like to discuss facts, but whether they like it or no, I propose to tell something of the factual story of what has happened in agriculture.

Some hon. Members: Hear, hear.

Mr. Greene: The record in this regard speaks for itself.

Mr. Hamilton: Mr. Chairman, would the minister permit a question?

Mr. Greene: Mr. Chairman, I think—

An hon. Member: He is afraid.

Mr. Roxburgh: On a point of order, Mr. Chairman, it is all right for the hon. member, the farmer from Oshawa, to laugh, but we listened in quietness to the remarks of hon. members opposite and I would ask them to do the same for us, please.

The Assistant Deputy Chairman: Order, please. The minister has the floor, and I think it makes his task more difficult if hon. members make gratuitous remarks from their seats.

Mr. Greene: Mr. Chairman, I hope to be able to answer the allegations of the Leader of the Opposition and to set the record straight as to the facts, upon which he can in future base his agricultural endeavours, thinking and suggestions. We need suggestions badly in the area of agriculture. We know there are very difficult problems to be solved. We do not minimize them and we cannot gloss them over. Neither do we base our decisions upon imperfect conclusions of facts; it is in this regard that I hope to straighten out the record.

The Leader of the Opposition, as well as saying that we have not been vigorous in our exports, was also concerned about the real

net income received by farmers for the great contribution they make to the total economy of this country. I share the concern of the hon. gentleman in regard to the position of farmers and agree that there is still a long way to go if, incomewise, we are to bring farmers to the standard of the rest of the Canadian economy. But the hon. gentleman indicated that in some measure, if I understood his words, the farmer had suffered, incomewise, since we had been in office from the standpoint of real net income.

While I agree that the farmer is not as well off today as many sectors of the economic community in real, net income, I will cite statistics to indicate that since we have been in office the real net income position of the farmer has progressed at the same pace as has the rest of the incomes in the Canadian economy. If the farmer is still behind, it is because he was too far behind when we took office, and we have not yet been able to catch up.

Here are the facts in this regard, Mr. Chairman. If hon. gentlemen opposite are interested—and they have not shown a propensity to be interested in anything but the political facts of the situation to date—I would point out that based on the 1945 index at 100, in the year 1962 the Dominion Bureau of Statistics represented the total productivity then as being 148. By 1966 this figure had risen to 183. Cash receipts from the sale of farm products totalled $3.1 billion in 1962. In other words, for 1962, the last year hon. gentlemen opposite, or at least some of them, were in office, the total income of farmers in Canada was $3.1 billion. This rose to $4.2 billion in 1966. In other words this was an increase of over $1 billion during the four years we were in office. Hon. gentlemen opposite may well say: "Yes, but that is gross income. Sure, they got an extra $1 billion; but their costs went up."

The Leader of the Opposition made what I think was a valid point as to the increase in costs of the farmer and the cost-price squeeze with which he is faced. But what has happened to his real income during this period? During this same period the farmers' net income rose by 33⅓ per cent from $1,492,000,000 in 1962 to $1,978,000,000 in 1966, an increase of 33⅓ per cent in the four years we have been in office.

I say it is singular that this increase of 33⅓ per cent compares with the rate increase enjoyed by wage earners of the rest of the Canadian economic community. In other words, during our term of office we have been able to increase the farmer's real income, not only through his own productivity but through our aggressive sales in world markets, which has meant that his income has increased by 33⅓ per cent which is about the same rate as the rest of the Canadian community.

Surely, Mr. Chairman, if he is still behind it is as simple as two plus two, because this situation prevailed before we took office. Hon. members opposite tell us about the great accomplishments when they were in office. It is very strange that in spite of the situation which prevailed when hon. members opposite were in office, the farmer has gone ahead 33⅓ per cent since we assumed office but is still behind the rest of the Canadian community.

The hon. member for Kent (Ont.), who I think speaks at times for the party opposite in regard to agricultural matters, indicated a concern about the number of farms that were no longer in operation. He was concerned about the rate of disappearance of farms during our tenure of office, and the fact that a smaller percentage of people in this country were producing the food for the rest of the Canadian community.

• (9:00 p.m.)

First of all I would point out that, generally speaking, it is apparently an axiom in the world of economics that as the total well-being of a nation progresses, as a nation progresses in industrial development and technology, it is inevitable that a smaller percentage of the people produce the food for the rest of the community. I think we can look at examples of the underdeveloped countries where almost 100 per cent of the population is on the land, but who do not produce a sufficient amount of food to feed these unfortunate people. In lands, such as for instance in Poland, if I recall rightly—and I had occasion to study the statistics last summer when the Polish delegation was here—they have reduced the agricultural population from something like 40 per cent at the end of world war II to some 32 per cent of the total population today. We in Canada, at the beginning of world war II, had some 30 per cent of our people on the land. Today, 8 per cent of the people produce the food, very efficiently, and probably according to the most productive techniques in the world. I think this is inevitable with industrial progress which gives new opportunities and new technology.

Experts, be they right or wrong, tell us that with a completely advanced economic community in today's terms it is likely that within the next decade or so some 4 to 5 per cent of Canadians will produce the food for the rest of us. This appears to be an immutable law of economics that, with technology and industrial progress, a smaller percentage of the people produce the food. So I do not quarrel with the basic premise of the hon. member for Kent (Ont.), to which I believe the Leader of the Opposition subscribed. However, I would point out that because of new efficiencies, a smaller percentage of people can produce the food for the rest of us, and if the hon. gentleman opposite has a complaint in this regard, I would say that in the period from 1956 to 1961, when hon. gentlemen opposite were in office, some 94,000 farms went out of production in this country, while from 1961 to 1966, when for a large part of the time we were in office, only 50,000 farms went out of economic production. So again, if there is complaint I think it should be on the basis of facts as they exist.

I should like to point out further that during the period from 1961 to 1966, while 50,000 farms did go out of production, most of them were rated, under the Dominion Bureau of Statistics method of assessing farm income, as non-commercial farms, and during the same period the so-called commercial farms increased by 15,000. In other words, during our term of office many farms have moved from uneconomic farming to economic farming.

Mr. MacInnis (Cape Breton South): You are stealing some three years there, but don't let it bother you.

Mr. Greene: The Leader of the Opposition also complained of the lack of confidence of the agricultural community in the government, and of the fact that this lack of confidence has impeded progress, restrained growth, and persuaded the farmer not to expand his holdings and not to create bigger economic units, because with this government in office, in which they had no confidence, they would not be going ahead in a progressive way, expanding their holdings, and moving ahead with confidence in the future. Let me say this, that the farmer of this country is a pretty hard-headed, tough-fisted, capable, and sound businessman. He certainly would not mortgage his future, borrow now and pay later, in order to create a more prosperous and bigger farm unit. He would not be borrowing if he did not have confidence in the future, and if he did not feel that the government in office was going to build a bigger and better Canada in which he could thrive and wherein he could pay back the debts that he has accrued.

Let us see what the Canadian farmer has done since we have been in office, and how much confidence he has displayed in the future. In 1961 the Canadian farmer borrowed $69 million from the Farm Credit Corporation. That was the extent of his confidence in the future when the Tories were in office.

An hon. Member: He did not need to borrow.

Mr. Greene: In 1962 he borrowed $78 million; in 1963 he borrowed $96 million; in 1964 he borrowed $140 million; in 1965, $202 million; and in 1966, $234 million.

Mr. Ricard: He had to borrow money then.

Mr. Greene: That is how little confidence the Canadian farmer had in the future of this country.

I suggest to you, Mr. Chairman, that the Leader of the Opposition cannot have it both ways. In 1966, because of his faith in the future, the Canadian farmer borrowed over twice as much as he did when hon. gentlemen opposite were in office.

An hon. Member: He had to, to survive.

Mr. Greene: I think the Leader of the Opposition must decide: Either the Canadian farmer borrowed this large amount in the year 1966 because he had confidence in the future of this country and in this government, or the Canadian farmer borrowed this kind of money without knowing what he was doing; and he was a very stupid fellow to borrow the money if this country did not have a future. I do not know which way the Leader of the Opposition wants to have it, but either he is saying that the judgment of the Canadian farmer must have been very poor indeed, if he borrowed the largest amount in history to expand his holding when this government was in office, and when he should have had no confidence in the future of this country with this government in office, or that he did in fact have confidence in the future of this country and in this government.

I know the Leader of the Opposition will be taking part in future debates on agriculture because I am sure he learned something about agriculture in his native province, which he left only too recently. I do not wish to delve into this area because it is not our immediate concern—although it is indirectly, because of course there are federal and provincial departments of agriculture. Certainly I think there is great co-operation between provincial departments and the federal department in attempting to reach new levels of well-being for the Canadian farmers. I know the Leader of the Opposition has some concern in agriculture, because if there is one area in Canada that is in trouble in agriculture, it is the province of Nova Scotia. So I think he knows whereof he speaks when it comes to problems of agriculture. I think he knows that the solutions there are not easy. The rationalization of farm units and the creation of bigger and more productive farms in the province of Nova Scotia has gone at a pace slower than it has in other parts of this country. I would throw no rocks at anyone for this, because I am very certain the government of that province is doing everything possible. Certainly we are prepared to co-operate with the province in every way possible in order to help them move ahead in creating more viable and more productive economic units which will provide better income for those who choose to remain in agriculture.

• (9:10 p.m.)

I certainly appreciate the fact that the Leader of the Opposition must have grave concern for agriculture by reason of the very difficult situation in his province because despite his many years in office there, they were not able to solve completely their agricultural problems, and what they have solved has been achieved at a slower pace than in other parts of Canada.

I was somewhat lost by the argument the hon. gentleman advanced when he stated that most of these fine policies to which he referred had been the creations, the brainchildren of the party opposite when they were in office. This is what he said at one point; and shortly thereafter he said the policies were ineffective, inadequate and virtually useless. I am not quite sure whether these policies have become tired and jaded since we came to office. If they were their policies in the first place and they were good then, evidently they have become no good now. I hope the hon. gentleman will enlighten us in this regard.

The Leader of the Opposition referred specifically to ARDA. I believe I have always tried to give credit where it was due. ARDA was originally conceived by hon. gentlemen opposite when they were in office. I have never been quite sure in my own mind as to whether it was the offspring of the hon. member for Calgary North when he was minister of agriculture or that of the hon. member for Qu'Appelle. Certainly one of the two of them deserve credit for the original ARDA concept, and I would not deny this for a moment. I do suggest that the scope of ARDA has been broadened considerably since we have been in office. Originally ARDA was purely an agricultural scheme whereby the small farm might be made more productive, and so that larger units such as those to which we have referred might be created. This program is now used in conjunction with the FRED program. With this as the foundation stone, if you like, we may, if we move ahead with courage, with imagination and with vision, take great steps toward the abolition of rural poverty from the Canadian scene. I do give full marks to hon. gentlemen opposite for the original concept, but I should like to say to the Leader of the Opposition that the original concept has been broadened very widely, has been enhanced, has been used far more in the past few years than it has been since its original conception.

The hon. gentleman alleges it has not been used sufficiently. I would remind him although I think he is familiar with the fact, that the initiative under ARDA lies with the provinces. If the program has not been used sufficiently, and I know of no important ARDA project that has been turned down at the federal level, then I can only say it is certainly only because the provinces in their wisdom have not seen fit to bring as many ARDA suggestions or programs to us as the hon. gentleman would like. However it is surely most inconsistent to say there have not been sufficient ARDA projects when, to the best of my knowledge, we at the federal level have turned down few, if any. If the hon. gentleman has any quarrel in this regard, I trust he will take it up with the provinces where the initiation of ARDA projects emanates.

Again, Mr. Chairman, the hon. gentleman complains that the Canadian farmer is unable to obtain sufficient credit. We have established the fact that the Canadian farmer is

able to obtain more credit and does obtain more credit through the Farm Credit Corporation today than ever before. The hon. gentleman complains that the Canadian farmer is having a difficult time, and I agree, in connection with farm improvement loans. He complains that farm improvement loans are inadequate because the interest is set at 5 per cent per annum. It is stated that the banks will not lend money at 5 per cent per annum and therefore the farmers are not getting as much money as the hon. gentleman deems they require. I respectfully ask him this: Do I take it from his remarks that he advocates raising the ceiling on interest on farm improvement loans? The hon. gentleman shakes his head negatively. If that is the case, then I do not quite understand his complaints that farmers cannot get money because the interest rate is too low, but he does not want to raise the interest rate. I hope that at some future time he will tell us how he would solve the dilemma. Apparently he wants to have it both ways.

Mr. Stanfield: I would be very pleased to do this.

Mr. Greene: Mr. Chairman, the hon. gentleman opposite complains also about the possibility of future strikes.

The Chairman: Order; I must advise the minister that the time allotted to him has expired.

Mr. Stanfield: Oh, no, carry on.

The Chairman: Does the committee give unanimous consent to the minister to continue?

Some hon. Members: Agreed.

Mr. Greene: I wish to thank hon. gentlemen opposite. I do not know that I can cover in a short time all the aberrations of the Leader of the Opposition during his speech, but I shall try to do so to the best of my ability. He complained that there may be future strikes on the seaway which would slow down the transportation of our very important wheat and other commodities to export markets. In this regard I can only say that I fervently hope this will not happen. We on this side of the house subscribe to the policy of free collective bargaining. Certainly we would take no action to prevent strikes months in advance, or to remove the rights of workers to protect their own interests collectively. We will face the situation as it arises. Certainly if the hon. gentleman infers that we should in any way remove the collective rights of workers in order to protect economic interests, then certainly he will never see that kind of action emanate from this side of the house.

The hon. gentleman complains also about our abandonment, as he put it, of some program with the United States, which I did not quite comprehend. He alleges the hon. member for Qu'Appelle indicated this made our marketings of wheat difficult. No such program was ever abandoned in any way by this government. I am given to understand, and this was before my time in office, that there used to be meetings about four times a year with our United States counterparts, at which world wheat prices and the world situation was discussed. At the instigation of the United States, as I understand it, these meetings were abandoned. This is the only procedure of which I am aware that is any different today from what it was at any previous time.

• (9:20 p.m.)

Again, I can only conclude that the hon. Leader of the Opposition who is known for his fairness and for his just presentation of facts, has been led astray by some of his supporters, who may not be such sticklers for facts as he may be. In this regard the hon. gentleman remarked that Canadians had in some way failed to take advantage of the opportunity to complete a world wheat agreement. My colleague the Minister of Trade and Commerce I am sure could cover this subject more adequately and more expertly than I could, since this is in his field of endeavour; but since I have the opportunity of speaking at this time I can say that such comment is most unfair and most inaccurate.

I think Canada played a key part in the Kennedy round in fixing minimums and maximums for wheat prices. I point out that under that agreement the minimum wheat prices was set at $1.95½, and this has now been implemented as a guaranteed floor, under our present policies, until there is a world wheat agreement. This surely is a giant step forward in the interests of the wheat farmer. Despite all protestations of hon. gentlemen of the opposition, and despite all their acreage payments, and so on, which were peanuts for the western farmer as compared with the floor price of $1.95½, which hon. gentleman of the opposition, did not see fit to bring in.

Mr. Jorgenson: Where is the $2 promise for wheat?

Mr. Greene: Well, now—

Mr. Jorgenson: Give us some more peanuts.

Mr. Greene: Well, now, hon. gentlemen of the opposition ask about wheat prices. I think that is a good question, and I am glad they have asked it. Apparently they take exception to the fact that, for the first time in history, this government has seen fit to guarantee the price of wheat to the western farmer at $1.95½.

An hon. Member: What about $2 wheat?

Mr. Greene: With respect to the implementation of the Kennedy round agreement and the world wide wheat agreement, I fail to understand how the Leader of the Opposition who, to the best of my knowledge in public life is known for the care of his statements—I believe he is known as a square dealer—can say that Canadians in any way are responsible for the fact that the maximum and minimum prices agreed on in the Kennedy round have not yet been brought into the world wide wheat agreement.

Canadians attended at meetings of the world wheat council. I think my colleagues will indicate to you that we have been in constant communication and constant negotiation with others to assure the implementation of the Kennedy agreement into the world wheat agreement. I feel sure that those negotiations will be successful. How the Leader of the Opposition can allege—and this, really, is not only a criticism of the government but also of its officials, who are responsible for carrying out negotiations to bring the agreements under the Kennedy round into the world wheat agreement—that there has been negligence, that we or our officials have been remiss in our duties and that we could or should have done something in order to implement the Kennedy round agreements into the world wheat agreements, I fail to understand. I think that that was a very unfair and untrue criticism, with all respect, Mr. Chairman.

As hon. members know, after the successful conclusion of the Kennedy round negotiations on May 16 of last year, world wheat prices dropped sharply. That made it difficult for the buyer nations to implement the Kennedy round agreement and world wheat agreement in July, as we had anticipated would be possible. It made that negotiation more difficult. We do not control world wheat prices. Certainly I think the Canadian minister and Canadian officials took every proper step and pursued the end most actively of implementing this price range of the Kennedy round agreement into the world wheat agreement.

If we want to talk about world wheat prices, here are some facts about world wheat prices. In 1957-8 the price of No. 1 Northern was $1.62. In 1958-9 it was $1.60; in 1959-60 it was $1.59; in 1960-61 it was $1.80 ; in 1961-62 it reached $1.91. Let us recall that these prices were on volumes of sales that equal about half the volumes that have been sold since we have been in office. The price in 1962-63 was $1.87; in 1963-64 it was $1.97. I did not hear much about $1.97 wheat from 1957 to 1962. The price in 1964-65 was $1.89; in 1965-66 it was $2; the estimated price in 1966-67 is $2. That is that $2 wheat hon. members over there are talking about.

Some hon. Members: Hear, hear.

Mr. Greene: So, if we are going to talk about wheat prices, let's talk about them.

An hon. Member: We will, just wait.

Mr. Greene: Let us put them on the record and let us see who sold wheat and in what quantities and at what prices, and we will stand on that record every time.

I will not take much longer, Mr. Chairman, since many hon. members of the opposition have asked me to reply to the questions they have posed. I would not have intervened at this time had it not been for the remarks of the Leader of the Opposition. I thought it would be proper for me to make a few comments. Speaking to the hon. Leader of the Opposition I feel that, having now been straightened out as to the facts in agriculture, the hon. gentleman in future when addressing this house, and now having those facts, will be able to make some very worthy contributions to the difficult subject of agriculture.

Mr. Ormiston: Mr. Chairman, I do not intend to spend the time at my disposal in arguing with the Minister of Agriculture. I commend the leader of the official opposition for the grasp that he appears to have of the problems facing us in agriculture at the present time.

Some hon. Members: Hear, hear.

Mr. Ormiston: Certainly, he sank the Minister of Agriculture and his protestations, and methinks that the minister protested too much.

There is no doubt that since Friday the minister has had to absorb many suggestions to do with agriculture. Many more will be forthcoming in the debate, before it is over. The minister has had suggestions not only from members of this house, but from two organizations which have presented briefs; I refer to the Canadian Federation of Agriculture and the National Farmers Union. Certainly, the briefs cover many aspects of agricultural needs. I shall not deal with those aspects in the few minutes at my disposal.

Having perused those briefs, I can appreciate what is contained therein respecting the vagaries of increased production costs and diminishing financial returns, with which those who presented the briefs are so concerned. For the life of me, I cannot find anything which would indicate that the present voluntary crop insurance plan, plus the provisions of the Prairie Farm Assistance Act, are sufficient to protect western farmers from the effects of natural hazards or to compensate them for losses.

• (9:30 p.m.)

It is all very well to talk about prices when farmers have a crop to sell. But when there is a crop failure more should be done than is being done at the present time to help farmers out of a serious situation. The prevalence of a short crop in the 1967 year and the experience of payments under the Prairie Farm Assistance Act bring into focus the state of our agriculture legislation. We are today employing the provisions of an act which was brought into effect in 1939, when conditions were much different from those which exist today. In 1939 there were many quarter section farms where farmers used horses and horse-drawn machinery. The number of farms was far larger, and a different type of farm operation was being carried out in many cases. The provisions of the act might have been more effective then than they are today. Under the Prairie Farm Assistance Act the maximum number of acres in respect of which an award may be paid to an individual farmer is 200. The maximum award is $800, and over the last 29 years the average payment has amounted to only $300.

It can be seen from these figures that in the event of a crop failure the Prairie Farm Assistance Act is only of limited value. Because of the very nature of the legislation, a growing number of abuses has come into being and these are known not only to the local inspectors but to the supervisory staff as well.

[Mr. Ormiston.]

This is a situation which causes grave concern to those administering the act. Should further erosion take place the usefulness of this legislation will be even further impaired.

Several years ago, in 1964 to be exact, a report was produced by Judge Harold Pope in consequence of alleged irregularities, and he made several recommendations for the improvement of the act. Regardless of the good intentions of the commissioner none of these recommendations was put into effect, possibly because it was felt something more than piecemeal improvements were needed to bring this legislation up to date. I suppose it was with this idea in mind that the Crop Insurance Act was passed in 1959 in the hope that eventually it would provide suitable assistance to prairie farmers and supersede the older legislation.

I realize that the provinces administer the crop insurance scheme, but further help is needed from the federal government before the plan is equipped to give full and comprehensive coverage. Many farmers in low yield areas feel present premiums are too high if an adequate financial return is to be ensured. Surely a review of the act is now in order. It has been in effect for seven years and further thought should be given to the application of premiums actuarially set, with the possibility of assistance to marginal areas for a limited period, certainly for long enough to ascertain whether or not such a scheme is practicable.

In the meantime, since we have to live with P.F.A.A., there is certainly one improvement which might be considered and this is the application of a deterrent fee when municipalities apply for inspections. Too much money is being wasted in the business of inspection, and if the approximate cost of inspection were to accompany an application a more responsible attitude would almost certainly result.

That is the only point I wish to make before closing. Before I resume my seat, though, I should like to commend the Minister of Agriculture for the impartial way in which the local P.F.A.A. inspectors have been chosen. Certainly this added strength to the administration of the act last year, and if there are any complaints they are certainly not to be directed against the dedicated public servants who are doing their best to administer this legislation.

Mr. McKinley: I am sure the farmers of Canada will be interested to hear the Minister of Agriculture telling them tonight they have never had things so good as they are now. Of

course this is what they were trying to tell the minister when they were up here last summer, out on the lawn. Maybe he would like to give us a report as to how good the security measures were on that day.

There is a theory going around that there are just too many farmers altogether, and that the only way to cure the problems of agriculture is to starve them off the farms. This is a theory which I cannot accept. We have seen the elimination of the quality subsidies on hogs, lambs and cheese. This is another indication of the belief in this theory that is going around.

There is another theory which is held by some people in the government, and it is that all farmers are well off. I have talked with some of the officials working in the public service and they come up with this idea. They figure that all farmers drive around in Cadillacs except when they are in Florida—they fly down there. This is not very true, and it is the wrong way in which to consider the problems of agriculture. The fact of the matter is that farmers who make a go of it are obliged to work very hard indeed. They have to be well up in the latest methods, they have to be extremely fortunate with regard to marketing conditions and they have to enjoy a lot of luck. I think luck comes into it as much as anything, and maybe it is the most important factor.

Farming is no bowl of cherries even for fruit farmers, and if anyone in the government thinks it is his ideas ought certainly to have been changed when the farmers came down here last summer to see the Minister of Agriculture and the other ministers, out here on the lawn. The Prime Minister was afraid to face them.

Mr. Greene: So was I.

Mr. McKinley: They even got shut out when they wanted to come inside. That is something I never thought we would see in the House of Commons. I guess that is when the farmers learned pretty well where they stand with these fellows across the aisle. Later on they did get some adjustment in the dairy farm situation. Returns for milk improved to a certain extent, but just enough to cover extra costs of production. With every single thing he produces, the cost situation as it affects the farmer grows worse. I think the minister knows this. He lives in a part of the country where costs have risen just as quickly as anywhere else, and where prices received by farmers have failed to keep pace.

The market is not organized as it might be. One province tries to organize a little, then it runs into imports from other provinces and says: What the heck, we might as well forget about it. More assistance might be provided for a national marketing scheme if the government were interested in doing anything like that. I cannot see how this minister, knowing what he knows, can stand up in his place and say in effect that the farmer has never had it so good. It is simply not true. Maybe members of the cabinet have never had it so good, but that does not apply to the farmers of this country.

• (9:40 p.m.)

Farmers are caught in a tremendous cost-price squeeze, more so than they were even back in the 1950's. The little changes in the price of wheat that the minister has mentioned have not kept pace with farmers' costs. It does not matter what farmers produce, be it livestock or wheat, their costs have increased, while the prices of their products have either remained stationary or in some cases have gone down. However, everything they have to buy has soared in price. Hog prices, cattle, farm prices in general have gone down, including the prices of eggs and poultry. But the price of prepared feed, of farm implements, gasoline and all the other necessities has almost doubled within the last few years. On top of this the retail price of farm products to the consumer has gone up something fabulously. The consumer price index has increased by about 50 per cent since 1951, but the farmer is still selling his produce at the same price. It should be remembered that the farmer is also one of the consumers.

The farmer, along with the miner, fisherman, lumberman and labourer is one of the basic producers of the country, and as a food producer he is probably the most important economic unit in the nation. Yet when a situation arises in which he should be in a position to show a profit after the lean years, what happens? The implement manufacturers raise their prices. The food retailers raise their prices. But they don't give the farmer anything more for what he produces. They do, however, charge him more for what he consumes. The feed manufacturers raise their prices, but what the farmer gets stays the same. How can anybody honestly say that the farmer never had it so good? It seems that everybody in this country goes all out to

gouge the man whose production is the very basis of economic prosperity.

This is the classic pattern. The government pays no attention to what is happening to the farmer, because it feels that with the drop in farm population it can get along without the farmers' votes. Mr. Chairman, I suggest this government is going to find out how wrong it is in that theory at the next election.

The farmer has not been able to organize. Until recently he did not have a union. When automobile workers feel that they are being stepped on they all get together and pull a strike. The farmer does not do this; he is not organized to that extent. But in recent years he has become much more organized, and those who are growing rich by buying the farmer's product cheap and selling it back to him and others at a high price, may find that when the farmer finally decides it is necessary to be organized he, the farmer, may be a lot tougher than many labour unions.

The government has taken very little action to help the farmers. It even locked them out when they came to parliament hill. These farmers are not going to put up with that kind of treatment too long from a bunch of people who are elected. Occasionally these people seem to forget that they are elected. The farmers are not going to sit around and put up with the importation of $6 million worth of eggs, as happened last year. We had 9 million dozen eggs imported from the United States of America and 50,000 dozen from Australia. That is how the government treats the Canadian egg producer. We had the importation of over $700,000 worth of dried eggs and $1 million worth of egg products, including egg yolks, from other countries. We imported 112,000 pounds of dried eggs from Poland. What does this do to help our Canadian producers?

In the first ten months of 1967 we had over 4,000 pounds of butter imported from East Germany, 58,000 pounds from Belgium, and 22,000 pounds from New Zealand. Last year more than $7 million worth of cheese was imported. What does this do for the Canadian dairy farmer? In the first ten months of 1967 we had a lot of turkeys imported from the United States, yet we can raise all the turkeys in this country that Canadians can eat. They don't have to come from any other place.

It is all right for the minister to give a rosy picture of the Canadian farm situation. The government seems to look at the problem in light of the fact that there will be fewer farmers on the land to vote against it, and it feels that this is a good trend. Some 12,000 farms have disappeared in Ontario since 1961. That is how serious the situation is. I think we will have to make up our minds as a nation whether farming is to become strictly a business or whether it can continue as a way of life for a great many Canadians who know no other way to live, and who do not want to join the unemployed in the big cities. That is what we will have to decide in working out farm policies, and that is the decision the government has refused to face.

[Mr. McKinley.]

We will have to help the successful farmer to stay successful, because we must have what he produces. At the same time we will have to take steps to make it possible for farming to continue as a way of life for those who wish to carry it on, because we need a continuing supply of food producers in this nation.

An article in the December issue of the *Canadian Geographical Journal*, by D. F. Symington, deals with the question of rural problems and describes the kind of government policies, aimed at regional improvement, which should be applied but which are not being applied at the present time. I quote as follows:

> The 1961 passage of the ARDA legislation encouraged governments not only to admit, but to proclaim the reality of serious rural economic dislocation. Since then statistics on rural hardship have been widely quoted. Based mainly on analyses of the 1961 census, the figures indicate that of the Canadian total of 481,000 farms, 209,000 have gross annual sales of less than $3,750.

That is astounding. These people, along with their families, comprise a formidable corps scattered throughout Ontario; yet of its total of 120,000 farms some 50,000 sell less than $2,500 worth of products per year. The article continues.

> Hundreds of thousands of farmers throughout Canada have been forced out of business by the price-controlling effect of vastly more efficient agricultural production. Huge productive capability in western Canada resulted from wartime mechanization applied to vast level and generally fertile lands. Application of large-scale capital investment to chicken, egg, milk, beef and other areas of production throughout Canada resulted in penalties for those who could not or did not employ enough capital.

In my opinion it was mostly "could not."

> National policy, and the provincial policies with which it must be coherent, is not simple to work out. The key, in Canada at least, is probably in setting up a viable framework for regional development, to provide full rein to the real potentials of each region.

• (9:50 p.m.)

This involves flexible tax arrangements between the federal and provincial governments; it involves decentralization of federal administration, with considerable changes in the federal departmental framework; it involves introduction of new technologies and new approaches to research and data collection; it involves education, manpower mobility and industrial development programs much more dynamic and coherent than are at present in effect. In sum, regional development demands sensitive and intelligent consideration of the natural resources, the market potentials, and the attitudes, skills and potentials of the people.

A recent United States report establishes that rural failures often become a factor in respect of city unemployment figures. There is absolutely no advantage in removing people from the farms and bringing them into the city as unemployment or welfare charges. A presidential advisory commission in the United States has urged full employment and prosperity for the rural people even if, as reported in the New York *Times* for December 10, the government has to provide the jobs to end what the panel calls a national disgrace. A similar situation exists in Canada where ARDA programs, idealistic in concept, have been reduced to ineffectiveness by administrative bumbling, as revealed in recent reports. The President's national advisory commission on rural hardship in the United States calls for equality of opportunity in rural areas in regard to housing, jobs, education and welfare. The report of the commission states that the need is even greater in rural than in urban areas. It urges that this need be given priority in legislation and appropriations.

What about the situation in Canada? There has been criticism with regard to soil and water conservation programs carried on under ARDA. The ARDA concept was and is a good one. It is an encouragement to the farmer to stay on the land and arrest the drift to the city that has become a flood. Recent reports by the economic council reveal that the administration of ARDA is not carrying out the original principles upon which ARDA was based. It says that 500,000 rural families are suffering hardships. ARDA funds are being dissipated in unrealistic projects—the "blueberry patch" approach. This is administrative weakness and does not carry out the original ideals. In effect the report of the economic council emphasizes concentration on human resources rather than physical resources, although the latter is not outlawed as a supplementary aid. The report talks about "out migration" from rural to urban communities, which it regards as a partial solution to the problem. If the problem could be solved in that way, it is well on its way to solution.

It is very difficult to see any solution in the putting forward of government policy to assist what is going on, and will continue to go on even if no policies at all are put forward. What is required at this point, in the light of all the information, the numerous studies, and the enormous amount of money that has been spent, is a decision by the government, or rather by the nation. What is our policy as a nation in the face of rural hardship? We must as a nation decide whether we consider it important to retain a rural population on the land, halt the exodus, put an end to economic and social attrition, and stop the hopeless drift away from the farms and villages. Some people feel that such a decision cannot be economical. The cost of sustaining those who have problems is not greatly altered by their transfer from a country to a city environment. There is also the social question of whether or not we can afford to make the effort, in view of the growing chaos of underprivileged metropolitanism. Such waste is self-perpetuating and multiplies from generation to generation. Rather than add to the problems of urbanism, there is a decided social and economic advantage in dealing with the rural people in the rural area where they are at home, and which they know best.

If successful, programs designed to this end will produce decided benefits such as stability, social balance, dividends in terms of health, lower delinquency and reduced welfare in the cities. Those who are subject to this form of economic attrition have not been able to resist the lure of urban benefits and higher incomes. They have drifted in from the rural areas, seeking higher incomes in the cities. In some cases they have found them; in other cases the improvement has been temporary, since they have found themselves unable to adjust and have been forced to go on to the welfare and unemployment lists. This of course is no solution, and simply adds to the misery and congestion of already overcrowded city areas. If we are to maintain a progressive society we cannot afford to have within our midst growing pockets of hardship. The attempts over the years by various governments in Canada and the United States are an illustration of the general acceptance of the concept of equality of opportunity for all. We have within our midst "have not" Canadians; we have underdeveloped regions which need help as much as do the underdeveloped nations.

As an indication of how bad the situation is, I might mention it has been brought to my attention that a Liberal from the other place has written an editorial on his subject, after bringing in a bill. It seems to me that if this is something which can awaken a Liberal senator, then it is indeed an indication that things are very, very bad. Twelve thousand pounds of milk is the production from only two cows. In Huron county I do not suppose anyone is milking only two cows, but I am given to understand that this is the situation in some areas through the country. I believe another look should be taken at this policy. May I call it ten o'clock, Mr. Chairman.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Monteith: Mr. Speaker, is the house leader going to announce the business for tomorrow?

Mr. MacEachen: Mr. Speaker, we propose to continue tomorrow with the estimates of the Department of Agriculture.

Mr. Deputy Speaker: Order. It being ten o'clock this house stands adjourned until tomorrow afternoon at 2.30 p.m.

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

HOUSE OF COMMONS

Tuesday, March 5, 1968

The house met at 2.30 p.m.

PRIVILEGE

MR. SMALLWOOD—ALLEGED IMPROPER USE OF PARLIAMENTARY FACILITIES

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I rise on a question of privilege affecting every member of this house and the use of the facilities provided by parliament for the members; and more particularly, as you are the guardian of our privileges, to bring to your attention a serious abuse of parliamentary privileges.

My question of privilege concerns the use of these facilities by a minister of the crown who is engaged in the campaign for leadership of the Liberal party. Mr. Speaker, last week there came to my attention a document which had been reproduced on the copying facilities provided for members of this house in the carrying out of their parliamentary duties. I feel that I must bring this matter to your attention in this way, Mr. Speaker, in order that these facilities shall not be used for business unconnected with the business of parliament, especially at this time.

I hold that document in my hand. It was produced on the machines in the photocopy room, utilizing House of Commons stationery, staff and facilities. The heading is "Agenda Ontario for Trudeau Committee." I feel, Mr. Speaker, that this is not a proper use of our facilities. The document has reference to the leadership campaign being waged by the Minister of Justice (Mr. Trudeau).

I am bringing this matter to your attention, Mr. Speaker, in order that you may take the necessary steps to prevent the use of parliamentary facilities in this unauthorized fashion and in order that the minister concerned and any others whose supporters may be acting in this way, may take notice and govern themselves accordingly.

I wish to make it clear at this time that it is not my intention to implicate the House of Commons duplicating staff in this matter in any way.

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, I will inquire about that without delay.

I must add, however, that many things are done on my behalf without my knowing; I will find out whether that is true and if it is, I shall take immediate steps to correct the situation.

[*English*]

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. A. D. Hales (Wellington South) presented the first report of the standing committee on public accounts, and moved that the report be concurred in.

Motion agreed to.

[*Translation*]

NATIONAL DEFENCE—FIRST REPORT OF STANDING COMMITTEE

First report of standing committee on national defence—Mr. Laniel.

[*Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

FINANCE

INQUIRY AS TO FURTHER FISCAL PROPOSALS

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the fact that the minister was unable to implement the main budgetary proposal of November 30 last, is it now his intention to present a budget to the house and, if so, when?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the results of the adverse vote on Bill No. C-193 are still under consideration by the government, and I expect to be in a position to make an announcement very soon.

Mr. Monteith: I wonder if at that time the minister would also announce whether he will bring forward a white paper along with his budgetary measure.

Inquiries of the Ministry

Mr. Sharp: Mr. Speaker, when the government does make its decision it is the intention to lay before the house a whole series of proposals designed to deal with the present situation facing the country.

Hon. Michael Starr (Ontario): Mr. Speaker, I have a supplementary question for the Prime Minister. In view of the difficulties the government is experiencing in the economic and financial areas, is it the intention of the government to recess parliament for the leadership convention?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, there is parliamentary business that must be completed before we can even consider that.

STEPS TO PROTECT LEVEL OF CANADIAN DOLLAR

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in light of the rather disturbing reports yesterday and this morning concerning our currency, is the Minister of Finance in a position to advise the house what steps Canada may be taking to protect the level of the Canadian dollar?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I can assure the hon. member that as far as the government are concerned, we have every intention to maintain the present parity position of the Canadian dollar. We believe this is appropriate in respect of the essential value of the Canadian dollar. We have plenty of resources, and I hope parliament will support this government in its endeavour to raise the necessary revenues which are part of the pattern to give confidence to foreigners and Canadians that the Canadian dollar is worth its present parity position.

CONSUMER AFFAIRS

REPORT ON GROCERY RETAILING IN PRAIRIE PROVINCES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs with regard to the report of the commission which was appointed by the governments of the three prairie provinces to look into the matter of grocery retailing on the prairies. In view of the fact that the report of this commission indicates the dominant position of Canada Safeway Ltd. and the George Weston Ltd. groups of companies, and states that there has been excessive profiteering in the grocery industry in the area studied, does the government intend to accede to the recommendation of this commission that there be an immediate investigation by the federal government? If so, what form will this investigation take?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, the press reports indicate that the report mentioned by the hon. member is a very comprehensive document. Neither the government nor our department has received a copy. This morning we were in touch with the Queen's Printer at Regina to request a number of copies. When the report is received it will of course receive study by the department and by the director of investigation and research. Among the subjects to be studied of course will be the allegations just recited by the hon. member.

Mr. Douglas: Mr. Speaker, may I ask the minister how soon he anticipates he will be able to acquaint the house with what steps he proposes to take in the light of the recommendations of this commission.

Mr. Turner: It may be, Mr. Speaker, that we will judge it opportune to make a statement to the house after receiving and reviewing the report.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to ask the minister whether, after receiving and taking a close look at the report, it might be advisable to submit it to the special committee on consumer affairs in order that members of this house may take it under study.

Mr. Turner: That suggestion will, of course, be considered.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, when the minister is investigating these allegations will he also look into the policies of these and related companies in respect of the purchase of British Columbia fruit and the terms laid down in this instance?

COMMONWEALTH RELATIONS

RHODESIA—REQUEST FOR REPORT ON RECENT TALKS

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, last Friday I directed a

question to the Secretary of State for External Affairs, asking him whether he had anything to report on the talks which had proceeded between Sir Alec Douglas-Home and Prime Minister Wilson regarding Rhodesia. At that time he said his reply would have to await a report on these talks. Has he received such a report, and is he able to give any indication of any improvement in the situation there?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, these talks did take place, but they were private and there is therefore nothing to report.

ASSISTANCE FOR PERSONS OF ASIATIC ORIGIN IN KENYA

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he can now give the reply he indicated he would make to the two questions I put to him yesterday relating to the plight of Asian refugees in Kenya.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Commonwealth secretariat has not initiated the negotiations which were implied in my hon. friend's question yesterday. I know of no suggestion that there should be such negotiations.

Mr. Nesbitt: Is it the intention of the government to try to promote such negotiations through the Commonwealth secretariat?

Mr. Martin (Essex East): Mr. Speaker, the government considers this is essentially a matter between the governments of Britain and Kenya and the persons concerned.

Mr. Nesbitt: Does the minister then consider that Canada, as a member of the Commonwealth, has no responsibility whatsoever in this regard?

Mr. Speaker: Order, please. This question is argumentative.

Mr. David MacDonald (Prince): Mr. Speaker, perhaps I could ask what might be called a double supplementary question in that it relates to two earlier questions. Is the government seriously considering or exploring with other governments the possibility of calling immediately for a top level consultation of Commonwealth leaders to consider the problems in respect of Rhodesia and the more immediate ones which have developed in Kenya?

Mr. Martin (Essex East): In regard to Rhodesia, I think the most effective action that can be taken is action by the Security Council. I have already replied in respect of the question of Kenya.

HARBOURS

MONTREAL—IMPROVEMENT OF FACILITIES FOR LONGSHOREMEN

On the orders of the day:

Mr. Prosper Boulanger (Mercier): Mr. Speaker, in view of certain recommendations in the Picard report, and in view of the recent visit by the Minister without Portfolio, is it the intention of the Minister of Transport to commence building rest rooms or waiting rooms to improve the facilities for longshoremen on the Montreal waterfront?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker—

Mr. Speaker: Order, please. I fail to see the urgency of the question.

[*Later:*]

Mr. Warren Allmand (Notre-Dame-de-Grâce): My question is supplementary to the one asked by the hon. member for Mercier regarding the waiting rooms and rest rooms at the Montreal docks. I think this question is urgent, and the Minister of Transport was ready to answer it. The answer could do a lot to avoid another dispute at the Montreal docks. I believe the minister was ready to answer the hon. member for Mercier.

Mr. Speaker: Order, please. Hon. members must realize it is not always easy for me to determine whether a question is urgent. If in this case the matter is important and urgent, I have no objection to an answer.

Mr. Hellyer: Mr. Speaker, I have already taken up this question with the chairman of the National Harbours Board. He has assured me of immediate consideration, and I am optimistic that it will be possible to start construction of the first of these rest rooms almost at once.

Hon. Michael Starr (Ontario): May I ask a supplementary question?

Mr. Speaker: I must say I am still doubtful whether the question was in order. The hon. member for Ontario.

Mr. Starr: I have a supplementary question for the Minister of Labour. I should like to

ask the minister, outside of attending to this trivia of supplying rest rooms and waiting rooms, what is the government doing toward alleviating the situation and bring about a settlement?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the government has done everything that is permissible under the act. We are still waiting, and have been for days, the answer of the two parties to the dispute as to whom they want as chairman of the board that they asked be set up. I have intimated that if they cannot agree I will be glad to appoint one. They hope to be able to agree on a chairman. I await word from them.

Mr. J. R. Keays (Gaspé): I wonder if the Minister of Labour can give us information concerning the meeting that was held yesterday with the port council?

Mr. Nicholson: I would refer that question to the Minister of Transport. Arrangements for the meeting were made with him, and the meeting took place in his office.

Mr. Keays: I repeat the question to the Minister of Transport. Can he give us the information?

Mr. Hellyer: We did have a meeting with the port council. They came to meet with the minister, as is customary when a new minister of transport is appointed. They raised a number of questions which are current in respect of the port of Montreal and the longer range question of possible participation of some kind in management. I assured them that this was one of the questions being studied by the department at the present time, as well as various other alternatives now evident and any others which might emerge for the best possible management of our port facilities in the years to come. We discussed the current labour situation.

Mr. Speaker: Order, please. I wonder if the minister wants to return to motions?

Mr. Starr: He does not have anything to say; that is why he is taking so long.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a supplementary question to the Minister of Transport.

Is he contemplating handing over to the Montreal authorities the jurisdiction over the port of Montreal?

[Mr. Starr.]

[*English*]

Mr. Hellyer: Not at this moment, Mr. Speaker; it would be premature to consider this. We had a good discussion and agreed to keep communication active as we work out some of the problems of mutual interest.

Mr. Keays: May I ask the minister whether any action has been taken toward encouraging those companies that had decided not to visit Montreal to come back to Montreal?

Mr. Hellyer: I think every effort is being made to improve the situation at the port so it will attract the kind of commercial support it has been used to in the past, and really deserves because of its central location.

PRIVY COUNCIL

INQUIRY AS TO DISPOSITION OF SPECIAL PLANNING SECRETARIAT

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, my question is addressed to the President of the Privy Council. In view of the rather salutary work being done by the special planning secretariat of the Privy Council, I wonder whether it is true, as stated in a recent press report, that this special planning secretariat is to be discontinued or disbanded.

Hon. Walter L. Gordon (President of the Privy Council): Mr. Speaker, I would refer this question to the Prime Minister.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think that question was answered some time ago in the house. The special planning secretariat is being disbanded to cut down expenses, and its force is being distributed among the departments immediately concerned.

Mr. Enns: A supplementary question, Mr. Speaker; I did not quite hear the last part of the Prime Minister's answer. Is the coordinating function respecting the overlapping of departments being continued? This is so important.

Mr. Pearson: Yes, the functions will be carried on. When we get to the estimates I hope to make a statement on that point.

TRADE

WHEAT—MAINTENANCE OF PRICE RANGE UNDER INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I should like to address my question

to the Minister of Trade and Commerce. Does the statement by the Minister of Trade and Commerce about the United States and Canada stabilizing wheat prices, to be found in *Hansard* for March 1, mean that the government is restoring the quarterly meetings between the two nations set up by the Conservative party when they were in power; and what steps are the government taking to make sure that the I.G.A. will be implemented and that wheat will sell within the agreed price range?

Mr. Speaker: Order, please. I would think the question as asked is not in order.

[*Later:*]

Mr. Watson (Assiniboia): Mr. Speaker, I should like to rephrase my question to the Minister of Trade and Commerce and ask him what steps the government is taking to make sure that the I.G.A. will be implemented, and that wheat will sell within the agreed price range.

Hon. Robert Winters (Minister of Trade and Commerce): We have had a considerable number of meetings with our colleagues in the exporting countries, and recently we had one in Washington which was quite productive. There have been discussions, and understandings were reached. These understandings will be communicated later this month to other wheat importing and exporting countries which are signatories of the international grains agreement and discussed with them. Until this discussion takes place it would not be appropriate in the present context to reveal the nature of these understandings.

However, I may say in general that good progress has been made at this meeting in working out the steps necessary for implementing the price range of the new international grains agreement which is scheduled to come into effect on July 1.

THE CANADIAN ECONOMY

HEATING OIL AND GASOLINE—REPORTED PRICE INCREASES

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to ask a question of the Minister of Finance which has been asked on a number of occasions, regarding the inquiry into the increase in the price of fuel oil and gasoline. Yesterday, in reply to a question by my colleague the hon. member for Sudbury, the Minister of Finance stated that he had received a report that morning but since he was at a cabinet meeting he had not had time to review it. Perhaps he has been at a continuous cabinet meeting since, but I wonder whether the minister has had a chance to see it since then.

Mr. Speaker: Would the hon. member ask the question.

Mr. Lewis: My question is, has the minister had a chance to review the report, and would he tell the house what it says?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I think the house will understand that the Minister of Finance has been very much occupied either in cabinet or preparing for it in the last number of hours.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs.

Since Canada has just broken off her diplomatic relations with Gabon, can he tell us if we intend also to break off our diplomatic relations with Quebec by recalling our representative in Quebec, that is the lieutenant governor?

[*English*]

CANADIAN BROADCASTING CORPORATION

DIRECTIVE OF VICE PRESIDENT RESPECTING SEPARATIST EXPOSURE ON NETWORK

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Secretary of State, but in her absence I will direct it to her parliamentary secretary. Would the parliamentary secretary ascertain whether his minister will table the directive dealing with alleged separatist exposure on Radio-Canada sent by M. Marcel Ouimet to M. Grand-Landau?

WINTER WORKS

INQUIRY AS TO CONTINUATION OF PROGRAM

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Manpower and Immigration. On February 1 the minister said he was discussing with

the provinces the winter works program. Has the discussion been completed, and has the minister made a decision?

Hon. Jean Marchand (Minister of Manpower and Immigration): No, Mr. Speaker, the discussion is not completed and no decision has yet been made.

Mr. Chatterton: A supplementary question, Mr. Speaker. In view of the fact that most municipalities are now preparing their budgets, can the minister indicate when he proposes to bring forward some amendment to the program?

[*Translation*]

Mr. Marchand: Mr. Speaker, I hope to be in a position to advise the house of the decisions of the government in the very near future.

[*English*]

FINANCE

REQUEST FOR STATEMENT ON ECONOMIC AND FINANCIAL POLICY

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a question for the Minister of Finance. Last week I asked the minister whether he would be prepared to make a fairly comprehensive statement in the house with regard to the monetary situation internationally, particularly with regard to the Canadian dollar. I realize, of course, that he answered a rather simple question from the hon. member for Edmonton West today, but I wonder whether in view of the continual—

Some hon. Members: Oh, oh.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I did not mean it in an insulting way. It was not a complex question.

I was wondering whether the minister would not think it advisable to give the house a more comprehensive statement of the various measures the government is preparing to take to protect the Canadian dollar or to protect the Canadian economy in the face of the speculation, in both senses of the word, which seems to be mounting daily. Perhaps, beyond a mere statement, he could—

Mr. Speaker: Order, please.

[Mr. Chatterton.]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the house will recall that it had been my intention when the estimates of the Department of Finance were called to give a comprehensive statement on the economic situation, in which I would have dealt with the international as well as the national aspects. That is still my intention, and I believe at that time I can give a description of the situation as I see it. I hope there will be a debate in the house on this very important matter.

Mr. H. W. Herridge (Kootenay West): I have a supplementary question, Mr. Speaker. I should like to ask the minister whether in making that statement he could, for the information of dullards like me and others, specify the advantages or disadvantages of a fixed or floating exchange rate.

Mr. Speaker: Order, please.

[*Translation*]

TELEVISION

REQUEST FOR IMPROVEMENT IN SERVICE IN LAC ST. JEAN CONSTITUENCY

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I gave notice of the question I wish to put to the hon. Minister of Transport.

Further to the representations made by the chamber of commerce of Alma, main centre of my riding, can the hon. minister tell us what steps he intends to take to improve the relay of C.B.C. programs by the station CKRS-TV of Jonquières-Kénogami?

Mr. Speaker: The hon. member will admit that the question could easily be put on the order paper. If there is any urgency, which I fail to see, the hon. member may give notice that the question will be discussed on adjournment.

Mr. Simard: At ten o'clock, Mr. Speaker.

[*English*]

TRANSPORT

REQUEST FOR STATEMENT ON FERRY SERVICE, SAINT JOHN, N.B.-DIGBY, N.S.

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, my question is directed to the

Minister of Transport. A month ago, on February 5, he advised the house that negotiations concerning the Digby-Saint John ferry were accelerating, and there was rising expectation that an announcement would be made. I should like the minister to say whether he could define what he means by "expectation", and when we might have an announcement on the Digby-Saint John ferry.

Hon. Paul Hellyer (Minister of Transport): Reasonably soon, Mr. Speaker. I am even more optimistic than I was the last time my hon. friend asked the question.

Mr. Thomas M. Bell (Saint John-Albert): I have a supplementary question, Mr. Speaker. In view of the approaching tourist season, and in view of the delay in the transport committee report, will the minister make a definite statement on this matter before we recess?

Mr. Hellyer: I cannot assure my hon. friend that this will be possible, but every effort will be made to make an announcement at the earliest possible date.

Mr. Bell (Saint John-Albert): Does the minister not realize he would improve his chances of getting votes from the maritimes?

Mr. Speaker: Order, please.

REPORTED BANKRUPTCIES IN CONSTRUCTION OF RAILWAY TO GREAT SLAVE LAKE

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Transport. It has to do with the construction of the Great Slave Lake railway and the bankruptcy of a number of construction firms engaged in the building of the railway. I should like to ask the Minister of Transport whether he has received any communication, either from members of the house or members of the other place, asking for an investigation into the matter of bankruptcies involved in the construction of that railway. I should like also to ask the minister why he has refused to answer his mail.

Mr. Speaker: Order.

Mr. Schreyer: Ten o'clock.

Mr. Speaker: That question is not in order; therefore it cannot be debated at ten o'clock.

[*Later:*]

Mr. Schreyer: Mr. Speaker, my question is directed to the Minister of Transport. Can the minister say whether he has come to any decision in relation to the requests of some hon. members and some senators for an investigation into the construction of the Great Slave Lake railway and the bankruptcy of some construction firms engaged thereupon?

Hon. Paul Hellyer (Minister of Transport): Not yet, Mr. Speaker. I am reading the file, but it is very lengthy and complicated and I have not yet had a chance to come to any conclusion.

FLOODS

ONTARIO—REQUEST FOR FEDERAL ASSISTANCE

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): I have a question for the Prime Minister. I am repeating a question I asked several days ago, in reply to which the Prime Minister promised to make inquiries. Has the Prime Minister received a request on behalf of the province of Ontario for assistance in providing relief to the flood victims in southwestern Ontario who suffered severe damage early in February? If so, what decision has been reached?

Right Hon. L. B. Pearson (Prime Minister): I did receive a communication from a minister in the government of Ontario, presumably on behalf of the government although usually these requests for assistance come from the head of the government, asking for that kind of assistance. I replied to it this morning.

[*Later:*]

Mr. Thomas (Middlesex West): Mr. Speaker, I have a supplementary question. Could the Prime Minister say whether his answer to the government of the province of Ontario was in the affirmative or in the negative?

Mr. Pearson: Mr. Speaker, the minister has not yet received the letter, so I am not sure whether I should disclose its contents before he receives it. However, perhaps he will forgive me if I tell my hon. friend that the answer was that the circumstances did not warrant the kind of assistance from the federal government that is given to provinces when a disaster occurs which is beyond their ability to meet.

Inquiries of the Ministry

SPORTS

NANCY GREENE—SUGGESTED RECOGNITION OF OLYMPIC VICTORY

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): I should like to direct a question to the Prime Minister, and I apologize for invading the preserve of the hon. member for Kootenay West. In the interests of national achievement is the government considering some suitable national honour for Olympic skier Nancy Greene?

Right Hon. L. B. Pearson (Prime Minister): She is already the recipient of the Order of Canada, which is a very distinguished national honour.

INDUSTRY

SYDNEY, N.S.—REQUEST FOR GRANT FOR PURCHASE OF STEEL PLANT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I should like to direct a question to the Minister of Trade and Commerce, who is also a member of the cabinet committee on the steel problem at Sydney. Is the minister in agreement with the leader of the Liberal party in Nova Scotia, who says the premier of that province should have approached the federal government for an outright grant rather than a loan to purchase the Sydney steel plant?

Mr. Speaker: I believe the hon. member will recognize that the question as asked is not in order. He is asking if the minister is in agreement with a statement made, and this is not permitted.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, may I ask the Minister of Trade and Commerce if the government will consider an outright grant for the purchase of the Sydney steel plant rather than a loan?

Mr. Speaker: It is not clear to me how the Minister of Trade and Commerce has administrative responsibility for the matter raised by the hon. member.

Mr. Muir (Cape Breton North and Victoria): I am sorry, Mr. Speaker. May I direct my question to the Prime Minister and ask him if the government, in its deliberations, will consider an outright grant to the province of Nova Scotia to purchase the Sydney steel plant, rather than a loan?

[Mr. Pearson.]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, a reply to the letter received from the premier of Nova Scotia a short time ago has now been agreed upon and will be going to him, I would hope, tomorrow. Perhaps this reply could be tabled in the house after it has been received by the premier.

EXTERNAL AFFAIRS

INQUIRY AS TO DIPLOMATIC RECOGNITION OF MAINLAND CHINA

On the orders of the day:

Mr. David MacDonald (Prince): My question is for the Secretary of State for External Affairs and arises from a statement by the Minister of Justice regarding diplomatic recognition of China. I wonder if the Secretary of State for External Affairs, in his anxiety not to be outdistanced in future events, is giving serious consideration to his own stand on this particular matter?

Hon. Paul Martin (Secretary of State for External Affairs): I am not afraid of being outdistanced by anyone, including my hon. friend. What the Minister of Justice said the other day was said by me in announcing government policy several months ago.

[*Translation*]

LABOUR CONDITIONS

CAPE BRETON, N.S.—LOSS OF RAILWAY JOBS THROUGH SHIPMENT OF COAL BY TRUCK

On the orders of the day:

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, yesterday the leader of the New Democratic party asked me whether I had received any complaints from the Cumberland railway employees with regard to the stockpiling of coal by truck from No. 20 colliery.

I got in touch with the Cape Breton Development Corporation in that respect. That corporation does not yet have jurisdiction in this matter, because it has not taken possession of the mines and it has not been consulted about the means of transportation involved here.

However, I am told that the coal is moved from the shaft head to the stockpiling area, that is a distance of a few hundred yards only.

There is no doubt that, in such a case, transportation by truck is much easier than by railway. At any rate, the corporation has undertaken to call a meeting of all the parties concerned in the coming week.

[*English*]

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the minister, when the Cape Breton Development Corporation takes over full responsibility is it expected that coal shipments will be restored to the railways?

[*Translation*]

Mr. Pepin: Mr. Speaker, I am told that April 1 is the date set. However, as I explained in my previous answer, it seems to me that it will always be easier to transport coal from the shaft head to the stockpile by truck rather than by rail, since the distance involved is only a few hundred yards.

[*English*]

Mr. Douglas: A supplementary question, Mr. Speaker. Is the Cape Breton Development Corporation undertaking, as provided in the legislation passed by this house, going to do anything on behalf of the men who are being displaced as a result of this transfer from rail to truck for the shipment of coal?

[*Translation*]

Mr. Pepin: Mr. Speaker, that is certainly the sort of responsibility which has been assigned to the Cape Breton Development Corporation.

[*English*]

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I am not too sure whether I should rise on a supplementary question or a question of privilege, but I should like to ask the minister this question. Will he please do some homework so he will not confuse the issue and make the job of the Cape Breton Development Corporation any more difficult than it is? The information he has just given the house is certainly far from the facts.

Mr. Speaker: Order. That is more a question of privilege than a question.

THE MINISTRY

PROPOSED RESIGNATION OF CANDIDATES FOR LIBERAL LEADERSHIP

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, on February 29 last I asked the Acting Prime Minister the following question, as reported at page 7100 of *Hansard*:

> Mr. Speaker, in view of the very proper action by the Minister of Trade and Commerce in resigning his portfolio before becoming a leadership candidate, I should like to request the Acting Prime Minister to ask the Prime Minister whether he is going to take the proper action of calling on other candidates to do the same.

I wonder whether the minister has spoken to him, and what the reply was.

Hon. Paul Martin (Secretary of State for External Affairs): No, I did not.

Mr. Speaker: Order, please.

[*Translation*]

TRADE

STEEL—SUGGESTED IMPOSITION OF DUMPING DUTY

On the orders of the day:

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker, on February 29 last the hon. member for Cape Breton North and Victoria asked what steps had been taken to protect the steel industry.

The Department of National Revenue is carrying out a study on steel imports in the light of the antidumping clauses of the legislation. The department is investigating abroad the actual market value of steel in certain countries exporting to Canada. So far, our investigations have in several cases resulted in price increases. In others, we have been unable up to date to obtain any evidence of dumping. However, those investigations are going on and all imports are carefully examined. When corrective measures are warranted, they will continue to be applied.

[*English*]

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I wish to thank the minister for his reply. May I ask him when he will be in a position to provide us with further information along the lines he has suggested?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we are not in the habit of giving out the details of each one of our investigations. I have made a general report. We are continuing to analyse each shipment of steel imported and the regulations are enforced when there is proof of dumping. So far, we are satisfied with the positive results of our investigations. In some cases, exporters have been forced to raise their prices.

RURAL DEVELOPMENT

QUEBEC—AGREEMENT RESPECTING ECONOMIC DEVELOPMENT PROGRAM

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I should like to put a question to the Minister

Inquiries of the Ministry

of Forestry and Rural Development who seems bored at the far end of the house.

Could he tell us whether discussions are still going on with the Quebec government about a federal-provincial agreement relating to the rural and economic development program, and when that agreement will be ratified?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, negotiations are in full swing.

[*English*]

Mr. Keays: A supplementary question, Mr. Speaker. Is the minister now in a position to inform us whether any cutbacks of a financial nature are being considered?

[*Translation*]

Mr. Sauvé: Mr. Speaker, I have already stated in the house that the budgetary cutbacks would not affect ARDA or the economic and rural development fund approved by the house last year.

[*English*]

AGRICULTURE

POTATOES—IMPORTS FROM U.S. INTO WESTERN CANADA

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is addressed to the Minister of Agriculture. I should like to ask the Minister of Agriculture, in relation to the requests of western Canadian potato growers for a value for duty imposition, if he has determined whether importation of United States potatoes into the western zone constitutes dumping.

Mr. Speaker: Order. I would remind the hon. member that in a few minutes the house will be in committee to consider the estimates of the Department of Agriculture, which would be an appropriate time to ask the question just raised.

LABOUR CONDITIONS

SARNIA, ONT.—LAY-OFFS AND OVERTIME AT POLYMER PLANT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I want to ask the Minister of Industry whether he can reply to the question I asked yesterday respecting employment at the Polymer Corporation at Sault Ste. Marie.

[Mr. Keays.]

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I assume the hon. gentleman is referring to the Polymer Corporation plant at Sarnia.

Mr. Douglas: I am sorry; Sarnia.

Mr. Drury: There were two questions asked yesterday. One was whether I had received representations regarding employment practices of the Polymer Corporation. I stated yesterday that I personally had received none, though indirectly some representations have been made. I have asked that it be ascertained whether these properly form part of current labour negotiations or are the result of direct representations.

Second, I do not have much to add to my reply in connection with government intentions in relation to the ownership of Polymer.

Mr. Douglas: Mr. Speaker, with regard to the latter part of the minister's reply, all the minister said yesterday was—

Mr. Speaker: Order. Would the hon. member ask a question rather than repeat what was said yesterday?

Mr. Douglas: Mr. Speaker, the minister said yesterday that I was aware of the government's approach to the ownership of Polymer. Since I am not aware, and I doubt whether many members are, may I ask him whether the government has any intention of disposing of the Polymer Corporation to private interests?

Mr. Drury: Mr. Speaker, I am sorry I assumed an awareness that apparently was lacking. The government from time to time has given consideration to the desirability of continuing as sole owner of the Polymer Corporation and a number of alternatives have been considered. To date no decision has been taken on any new form of ownership.

[*Translation*]

EXTERNAL AFFAIRS

INVITATION TO QUEBEC PREMIER TO VISIT FRANCE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs.

In view of the fact that the French government recently invited the premier of Quebec to visit France, over the head of the federal government, does the secretariat for external affairs now intend to sever diplomatic relations with France?

Mr. Speaker: Order.

[*English*]

OLD AGE SECURITY

ADJUSTMENT OF INCOME SUPPLEMENT TO PROVIDE MINIMUM AMOUNT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Oh—I thought that was the minister.

Mr. Macaluso: I will take off my glasses.

Mr. Knowles: Ou est le ministre?

Mr. Speaker: Order. Would the hon. member direct his question to the Prime Minister?

Mr. Knowles: Mr. Speaker, I did not mean to embarrass the minister. I see that he is back in his seat, but apparently he has a double whom I mistook for him.

On several occasions the hon. member for Ontario and I, and perhaps others, have asked a question relating to old age pensioners on the guaranteed income supplement whose other income drops or disappears yet are denied their claim to have their income brought up to the guaranteed level either in the current or the subsequent calendar year. The minister said that he would look into this matter. Has he yet found a way to correct this unfairness?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, certain amendments to this particular program are under consideration but it will not be possible to bring them forward in the foreseeable future.

Hon. Michael Starr (Ontario): I am sure the minister will agree that this situation is most unfair to the elderly citizens concerned. Will he say now that if and when these amendments are brought forward by way of legislation, payments will be retroactive to the date at which these supplementary benefits were started?

Mr. MacEachen: No, Mr. Speaker. It would not be possible to anticipate the terms of the legislation.

INDIAN AFFAIRS

PROTECTION OF HUNTING RIGHTS UNDER MIGRATORY BIRDS CONVENTION

On the orders of the day:

Mr. Robert Simpson (Churchill): I wonder whether the Prime Minister is now in a position to answer the question I put to him on February 9 in relation to the conflict between the Migratory Birds Convention Act and the Indian treaties.

Right Hon. L. B. Pearson (Prime Minister): I apologize to the hon. gentleman for the delay in dealing with this. I will look into it right away.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

DEPARTMENT OF AGRICULTURE

Research—

5c. Administration, operation and maintenance—to extend the purposes of vote 5 of the main estimates for 1967-68 to include a contribution of $10,000 to the town of Kapuskasing toward the construction of a road, $1.

Mr. Southam: Mr. Chairman, I welcome this opportunity to make a few comments on the supplementary estimates of the Department of Agriculture which are now before the committee. My first words must be words of congratulation to my hon. friend the leader of Her Majesty's loyal opposition who last evening in his speech on these estimates gave a most comprehensive and factual review of the problems facing agriculture today. His intervention in our discussion very ably demonstrated his wide knowledge of one of Canada's most basic industries.

On the other hand, I am sorry to say, the Minister of Agriculture, in a reply which was both bombastic and political, left the very opposite impression on the committee. It would appear to me that through lack of knowledge, indifference and in some cases sheer stupidity, the government opposite has been responsible for placing agriculture in its worst financial position in years. This is the government which talked about 60 days of decision, the government which set out to challenge the weak and excite the daring. What has happened instead? They have stumbled from indecision to indiscretion and from crisis to crisis.

The minister's speech last evening was a replica of the one he made on October 31 last as reported in *Hansard* on pages 3725 to 3728, in which in effect he spent all his time telling the farmers of this country that they never had it so good. He reminded me of the shades of the late Right Hon. C. D. Howe at that fateful meeting in Morris, Manitoba, in 1957. I suggest to the minister that after last night's speech he will now be running well behind Mayor Lloyd Henderson of Portage la Prairie in the leadership race.

The hon. gentleman spent a great deal of time last night quoting statistics of wheat sales from 1961 to 1967. But he forgot to tell the committee that these sales were based on policies developed by the former government. I well recall that from 1957 to 1962 members of that government paid special attention to the development of stronger wheat marketing policies. The prime minister at that time, together with officials of the Departments of Trade and Commerce and Agriculture, made a tour round the world inviting trade groups to visit Canada and arrange trade deals. This resulted in a visit by a Japanese trade mission the following year, and after negotiations involving the transfer and exchange of textiles Canada was able to double wheat sales to Japan.

Later a great deal of time was spent in the house debating amendments to the export credit insurance policy. A brand new policy emerged in consequence of which we were able to treble our sales of wheat abroad. In particular, sales of wheat to China on credit were approved despite strong opposition from hon. members now sitting on the other side of the chamber. I well remember one of them telling us that in his opinion it was close to treason to sell to our friends for cash and to our enemies for credit.

The hon. member who represented Assiniboia at that time waved his arms and said it was all a hoax, it was preposterous, we would never get our money. Events proved these people to be wrong. As a result of our perseverance and the hard work of our committee at that time we developed the sales policy which this government inherited. This is why the minister was able to spend most of his time last night praising the record of his party though, in fact, he cannot not take credit for it at all. If anything the shoe is on the other foot, bearing in mind what has happened in 1967 and 1968.

I do not propose to cover the whole spectrum of agricultural problems. In passing, however, I should like to say that looking at the headlines today one finds nothing but trouble. Wheat prices are down, hog prices are down, egg prices are down, poultry prices are lower, turkey prices are down, rapeseed prices are down, soybean prices have declined, potato prices are down, farm improvement loans have dried up, wheat exports are falling farther below the 1967 level, and so on.

[Mr. Southam.]

Here is a headline reading: "Wheat Exports Sharply Under Year Ago Total". The article begins:

> Export clearances of Canadian wheat for the first three months of the current crop year at 64,487,000 bushels were down almost 60 per cent from last year's comparative total of 163,249,000 bushels.

Another headline in the *Globe and Mail* reads: "Higher Costs Expected To Offset Increase In Foreign Production". On the same page we read a headline, "Wheat Trade Expected To Toughen". Another headline, this one in the *Western Producer* of December 7, asks: "What About PFRA?" The writer states that one of the great pieces of legislation introduced in parliament years ago is being neglected. A headline in the Manitoba *Co-Operator* states: "ARDA and PFRA Are Not Effective Says Report". The reason given is Liberal inefficiency. The report of a special study commissioned by the Economic Council of Canada is dealt with in *Farm and Country* under the headline: "Blast ARDA Waste". In the *Western Producer* of December 14, Mr. Roy Atkinson, president of the Saskatchewan Farmers' Union, is reported as calling for greater farmer unity. Mr. Atkinson is quoted as saying:

> It is clear in the light of sharp reduction in quota opportunity, that the defence of the minimum will prove inadequate in maintaining farm income in light of continuing lower quotas due to loss of export sales and increases in the cost of production.

In other words, he is saying it does not matter whether or not the price per bushel is fixed at $1.95 if the wheat cannot be sold. In the *Western Producer* of December 14, 1967, there was an article headed. "Wheat—A Time for Reassessment," being the report of an address by Charles W. Gibbings, president of the Saskatchewan Wheat Pool. In the *Manitoba Co-operator* of February 29, 1966, there was a report headed "National Meeting Asked On Agricultural Policy" in which the following appeared:

> • (3:30 p.m.)
>
> J. M. Bentley of Edmonton, president of the C.F.A., in presenting the brief was critical of the eventual success of the agricultural task force appointed by Ottawa last year.

So the story goes, Mr. Chairman. Getting back to wheat marketing I point out that last night the minister referred at great length to sales statistics, but I think his argument was hollow inasmuch as I gave facts a few moments ago to show that these sales were based on policies that we developed and were not due to anything this government has been able to do.

The problem in wheat marketing today is a direct result of the lapsing of the international wheat agreement. What has happened is a replica of what happened under previous Liberal governments. In 1935 the government of the late R. B. Bennett brought in legislation setting up the Canadian Wheat Board. The first thing the succeeding Liberal government did was to throw it out, but because of the protests from farm organizations in western Canada that important piece of legislation was replaced on the statute books and ever since the Canadian Wheat Board has been a most effective agency in assisting farmers to market their crops.

To emphasize the lack of policy and the indifference of the Liberal party to agriculture I bring the story up to the war years. With their policy of trying to show love for their mother country the Liberals, encouraged by co-operation from farm organizations, introduced the British preferential wheat agreement under which farmers in western Canada were forced to sell wheat at $1 per bushel under the world market price. It is estimated that this cost western agriculture some $600 million. In other words, our agricultural industry and farm community were asked to sacrifice that amount of money in the interests of Liberal policy.

In February, 1965, the Minister of Finance, who then had the Canadian Wheat Board under his wing, involved the board in a price war with the United States which lasted several months and cost Canadian farmers well over $100 million. This came about owing to the fact that our friends across the line were trying to dispose of some of their large wheat surplus and were testing this government to see what its stability was and how concerned it was about agricultural policies.

One morning we woke up to the fact that the Americans had dumped quite a large amount of grain into our markets at six cents per bushel below the wheat agreement price. Instead of the Minister of Finance going to the United States and pointing out to our friends that they were breaking the rules he went to the Canadian Wheat Board and said, "We will compete with them; we will cut the price too." This is exactly what our friends in the United States wanted. Next day they cut six cents a bushel off the price of No. 3 and No. 4 wheat and within a week the price dropped a further four cents. Over all, within ten days the price of Canadian wheat was allowed to drop 18 cents per bushel, which cost the Canadian farmers between $90 million and $100 million. This amply demonstrates the indifference of the government to wheat policy and to the western farmers. Then we come to the fiasco of 1967 in allowing the international wheat agreement to lapse for 11 months, and the indications are that we will have to wait years for a renewal of that agreement.

This afternoon the hon. member for Assiniboia questioned the Minister of Trade and Commerce about the international wheat agreement. He has been questioned about it many times previously. I have questioned him on many occasions about why it was allowed to lapse and we have never received a logical answer. Despite the protestations of the minister we are still very concerned that the new agreement will not come into effect this year because the latest reports indicate that even those countries which signed the protocol to show they were in accord with the principle of the agreement have not yet ratified it. The new wheat agreement was supposed to come into effect on July 1. It is high time the government took strong and definite action to undo the damage it did in allowing the old agreement to lapse. As I say, the Minister of Trade and Commerce has been questioned many times about this and he has tried to assure us that everything is well. In fact he tried to defend himself by stating that farm organizations in western Canada were in agreement with the action taken. This statement is absolutely contrary to the facts.

Only last Wednesday morning, with 40 members of the house present at the meeting at which the Canadian Federation of Agriculture, Canada's largest farm organization, presented its brief, Mr. James Bentley, president of that organization, flatly stated that they never had any warning or knowledge of Canada's intention to agree to the lapsing of the international wheat agreement, and that this was basically the cause of Canada's wheat marketing problem today. This is similar to the surprise expressed by the leaders of western wheat pools, farm unions, and other farm spokesmen.

Why should the minister try to kid our Canadian farmers in this way? The meat packers have a word for that—boloney. We find American sales going up day by day while our sales are going down. We have sold only a small amount of wheat to Japan this year while the United States has entered that market on a big scale. We have turned back the clock 20 years and are now back to the

law of the jungle so far as wheat sales are concerned. With the price cutting that is going on it is simply dog eat dog.

I would like to refer to some notes, Mr. Chairman. I do not want to bore the chamber with a long address on this matter because I know that most members of this party are well aware of the problem, and if the minister is not already aware of it I hope that as a result of what I say he will become aware. The United States price-cutting tactic became effective following the announcement by secretary of agriculture, Orville Freeman, that he had set the national wheat export target for this year at 750 million bushels, with a smaller proportion of exports to be devoted to food give-away programs. The Minister of Trade and Commerce went to Washington. There he pleaded with Mr. Freeman that the United States and other wheat exporting countries were bound by a gentleman's agreement to hold the agreed price floor. Mr. Freeman was courteous but pointed out that no legal requirements bound the United States to observe any price but that dictated by supply and demand and, further, he had far less control over or impact upon the wheat exporting business in the United States than did the Canadian government through the Canadian Wheat Board. This again points out the indifference and, as I said a while ago, the stupidity of the government in allowing this situation to develop.

To give a brief review of the energy and time which went into bringing about the first international wheat agreement I point out that for 12 years prior to 1947 western farm organizations were very interested in accomplishing such a development and worked very hard with their counterparts in other countries to establish the agreement. That agreement has now been in effect for about 18 years. When you have a formula that works so effectively I just cannot understand why the government participated in the Kennedy round of talks at Geneva and agreed to the lapsing of the agreement, turning back the clock as it were and allowing the agreement to lapse for 11 months. It should not have been allowed to lapse for even one month. Had there been continuity of the agreement we would not be in the trouble we are in today.

The Minister of Trade and Commerce returned to Ottawa from Washington without any assurance that the price-cutting method of moving the large United States wheat surplus would stop. The seller's market that existed at the time the international wheat agreement lapsed changed during the summer of 1967 to a buyer's market under the impact of bumper wheat crops in many areas of the world. This fact emphasizes more than ever the need for an international wheat agreement. And so the story goes.

[Mr. Southam.]

• (3:40 p.m.)

Before concluding my remarks I should like to touch briefly on one other matter of serious consequence to my riding and several neighbouring areas. I refer to the question put to the Minister of Agriculture in the house yesterday, which appears on page 7233 of *Hansard*. I put the following question to the minister:

> Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Is the minister aware of the possible collapse of the new and expanding P.M.U. estrogen drug industry in western Canada because of the terms of Bill C-190? If so, has the minister consulted with his cabinet colleague the Minister of Consumer and Corporate Affairs with a view to saving this new agricultural industry?

The answer from the Minister of Agriculture was:

> Mr. Speaker, I have not specifically considered it with the Minister of Consumer and Corporate Affairs, but I shall be glad to take the hon. member's suggestion and consult my colleague.

This would indicate to me that the minister was not even aware of this new industry and had not been on top of this new problem which has developed over the past month or two. If so, he would have already conferred with his colleague on the matter. Here is a new industry in western Canada and in other parts of Canada which is just two years old but in which millions of dollars have already been invested by Canadian farmers. This industry is about to collapse unless something is done about it at once. This is another indication of the serious predicament of agriculture today and particularly the western wheat farmer. This is again a result of the lack of policy on the part of the government. There would seem to be a lack of knowledge in this regard and in some cases sheer stupidity.

Some hon. Members: Hear, hear.

Mr. Nowlan: Mr. Chairman, I too welcome the opportunity to speak on these supplementary estimates of the Department of Agriculture for several reasons, not the least of which is the fact that the horticultural council along with the Canadian Federation of Agriculture last week presented recommendations to the government and tomorrow I understand the National Farmers Union

intends to place recommendations before the government concerning what it and other farm organizations consider should be the policies of the government. I welcome the opportunity to speak in view of the fact that these agencies are presenting their views, but if this had not been sufficient incentive certainly the minister's speech last night was enough to persuade any member on this side, and I would hope even on the other side, to make some comments in respect of this problem and the minister's remarks.

I know it will come as a tremendous surprise to the farmers in eastern Canada, certainly in Nova Scotia, to learn that farmers' net income increased by over 30 per cent. This is one figure the minister threw around last night. In fact the tenor of his remarks seemed to be that the farmers in Canada never had it so good. This was the attitude of the minister last fall when he spoke on the estimates and quoted many gross figures. When I say "gross" I do not mean in the sense that they were repugnant to us on this side of the house but in the sense that they were total figures without taking costs into consideration.

He repeated this performance last night when he jumped into the debate after the Leader of the Opposition had spoken in fairly calm, cool and even tones. This minister, perhaps seeking some political hay because there is a question of his ability to make hay, decided to risk his reputation and that of the government merely to get some desk-thumping. If rose-coloured glasses are worn by the candidates on April 4 the Minister of Agriculture will be well up in the pack because he was certainly wearing rose-coloured glasses last night. In a situation of reality a minister should sometimes take off his rose-coloured glasses. When this minister takes his off, if he ever does, I am afraid he will be as glum and disappointed as the agricultural industry in Canada is with the lack of initiative, concern and leadership on his part. I do not wish to be too dogmatic in that statement because it would not have surprised me, although it might have surprised some members on this side of the house, if the minister had admitted that there are some fundamental problems affecting different areas of Canada which cannot be solved by any one minister. It takes time and the efforts of a number of ministers to solve certain problems.

We all appreciate that quiet revolutions are taking place and we see the problems that the quiet revolutions cause. We have had much discussion in this house about the quiet revolution in Quebec. We hear about the quiet revolution in society with people moving from the country to the city and we know the problems this causes. We have seen something resembling a fundamental change in parliament right in this chamber not too long ago. When there are fundamental changes there are fundamental problems. Much is left to be desired when a minister stands in his place, with agriculture engaged in a quiet revolution, and attempts to make short-term political capital out of long-term economic problems.

There is a quiet revolution taking place in the field of agriculture. The members on this side of the house who represent the majority of the farm areas of this country from coast to coast are the first to admit this fact. The livelihood of many of these members is influenced by this quiet revolution which involves a change from manpower to machine power and from family farms to commercial farms. There are problems involved in these changes on the farm but there are some problems which differ between east and west.

Sometimes when I sit here with my fellow colleagues from the west I shake my head because I would love to be in their position of having to deal with only one basic crop which brings some cash to the producer in a matter of several months while the farmers in my area have a variety of crops, a 12-month work program and still have difficulty in obtaining any cash. The minister could not have endeared himself to members on this side of the house but his remarks would have been received more warmly had he taken off his rose-coloured glasses and admitted that there are problems which all ministers inherit and said that he at least was attempting to do something about them rather than pretend that the farmers across Canada never had it so good.

While there is a quiet revolution in agriculture, some aspects of it are not so quiet. Any member of this house who was on the front lawn of parliament hill when the farmers gathered there will understand what I mean. When there are parades of tractors on highways this must be a symptom that something is wrong somewhere even though the minister says that the farmers never had it so good. The hon. member for Moose Mountain in his comments said that part of the fundamental problem with regard to agriculture in this country is that the industry is sick. It is

affected by a cost-price sickness. The unfortunate thing is that the doctor, the Minister of Agriculture, does not even know that the patient is sick.

• (3:50 p.m.)

I cannot give figures in respect of agriculture in the west but I certainly can give them for the Annapolis valley, the basic agricultural area of Nova Scotia. Perhaps later in the debate the minister will give statistics regarding agriculture in New Brunswick, Prince Edward Island and the eastern part of Quebec to show that the statistics I intend to quote in respect of Nova Scotia do not apply to eastern agriculture generally. I hope the minister or some member opposite will be able to stand in this house and quote statistics in relation to eastern agriculture showing that the situation is generally better than I suggest it is in Nova Scotia.

I suggest agriculture is suffering from a cost-price sickness. Last night and on previous occasions the minister has presented a symptom of that sickness. He made a lot of noise about higher prices, but what does not cost more today than a year ago? These higher prices can be likened to a high temperature. I suggest that our agricultural industry is suffering from high blood pressure, which should give the doctor, the Minister of Agriculture, some concern. I suggest this high blood pressure symptom is even more serious than the high temperature symptom or the high prices.

It is very important when examining a patient to find out whether he has a pulse or a heartbeat. I am not suggesting the minister does not have a heart. Many amazing things have been done in the world, including heart transplants. So far as agriculture is concerned I suggest that the pulse, which indicates the strength of the heart, is as low as it has been for many years. It is low because there is a low net return. Regardless of whether prices are high, the fundamental factor to a farmer is his net return. Agriculture in Nova Scotia has hit bottom, and we are looking to the Minister of Agriculture to make some diagnosis and prescribe some treatment in order to rehabilitate this industry.

I should like to quote some statistics in relation to agriculture in Nova Scotia. There are fewer farms, but that is not surprising in view of the consolidation of farms on the basis of efficiency. This may also be the result of increased technology and more efficient farm machinery. It may also account for the decrease in the number of farmers. However, the most important statistics are those which show a decrease in the amount of land under cultivation. This fact should give any minister a great deal of concern.

[Mr. Nowlan.]

Last night the minister suggested that we should recite the facts and that the Leader of the Opposition had spoken in platitudes and generalities. He said that figures do not lie. While that may be true, I suggest they often smoke out the prevaricators. The statistics for the period from 1951 to 1961 show a decrease in the number of farms from 23,815 to 12,518 or a drop of 47.4 per cent. During that period there was a change in the D.B.S. classification of farms. Even taking that change into consideration there was a decrease during that period in the number of farms from 23,815 to 18,264 or 19.1 per cent.

During the same period there was a tremendous decrease in the number of farmers. We have heard a great deal about school dropouts and what the government is attempting to do to rehabilitate workers in view of technological change. What is the government attempting to do about farm dropouts? According to D.B.S. figures the decrease in the number of farmers in that ten-year period was from 115,414 to 58,000. In terms of total farm population this represents a decrease from 18 per cent in 1951 to 7.9 per cent in 1961.

Last night the minister referred to the ratio of Canadians engaged in farming compared with the total population. He suggested it was around 8 per cent. Perhaps that figure is not significant, but we must also consider the decrease in land under cultivation during the same period. The statistics I have indicate there was a decrease from 661,975 acres to 497,521 acres. This is important even though with improved technology fewer men can work larger farms. The average size of a farm in Nova Scotia is 40 acres. These statistics should give the minister some concern about the general state of agriculture in this country.

The agricultural situation in Nova Scotia can be fairly summarized by quoting from an independent survey produced in July of 1966 by the Nova Scotia voluntary planning board. At page 5 the following is stated:

> Generally, then, the statistical evidence gathered in the 1961 census indicates the transition taking place in the structure of primary farming in Nova Scotia since 1951; the number of farms decreasing along with a declining number of acres farmed, some improvement in improved land acreages, a dramatic increase in the use of machinery and other equipment, and corresponding increases in total

value of products sold. Even though on the basis of this last statistic it is apparent that Nova Scotia farmers are improving their relative position, it is also evident that the low value of products sold per farm in the other farms category is one of the main problem areas in provincial agriculture in the sixties. In fact, if the value of products sold was given in "real" terms, that is discounting price movements, and if this group in 1961 was on the same 1951 definitional base, average cash income per farm would be at a lower level than that recorded in 1950.

I do not know where the minister got his figures regarding the general picture across the country, but certainly the statistics I have indicate a grave picture for agriculture in Nova Scotia and in the eastern part of Canada generally. To illustrate this grave situation further let me refer to table A-3 at the back of this report. It indicates an increase in gross income from 1960 to 1964 from $43 million to $44 million but a drop in net income in the same period. In 1960 net income was $15 million, in 1961 it was $14 million, in 1962 it was $12 million, in 1963 it was $11 million, and in 1964 it was $8 million. This indicates there was a drop in net income between 1960 and 1964 of 54 per cent, with more than a 30 per cent drop between 1963 and 1964. Yet the minister says that the farmer is 30 per cent better off with respect to his net income. I do not know where the minister got his figures because in the area of Nova Scotia I represent, which is a farming region, the drop in net income according to D.B.S. figures is over 30 per cent.

• (4:00 p.m.)

I suggest that this situation should be a matter of concern and consideration rather than one of short term, political advantage because of the personal or political problems which face the Minister of Agriculture. The per capita income of Nova Scotia farmers was $871 in 1951. There was a slight increase by 1961, but the per capita income of the Nova Scotia farmer in that year was only $1,184. I do not know where the Nova Scotia farmer is going to obtain relief and improve his abnormally low net income figure.

In spite of these figures the minister rose in the house last night and outlined a new ground rule for economic success on the farm. Just a few days ago we had the Pearson precedent so far as parliamentary problems are concerned—I will not debate that matter right now—and last night we had Greene's ground rule for farm success. If we accept the argument put forward by the minister last night, farmers are better off because they are borrowing more money. One can see the corollary of that theory by looking at the D.B.S. figures I have quoted. Farmers are borrowing more and receiving less. I seriously question the suggestion that farmers in this country are better off because they are borrowing more money. I suggest that one of the reasons they are borrowing more is that the income they derive from their operations does not provide them with enough funds with which to purchase the equipment necessary for soil development. Soil development is very necessary if our farmers are to compete in international markets.

I should now like to deal with the question of farm capital. In this area there should be a new look and an emancipation of thought as to what type of policy should be developed. We appreciate, as I think the minister does, that the farm improvement loans program is not working out in these days of high interest rates because there is a fixed interest rate of 5 per cent. It is perhaps not surprising that banks will not lend money at an interest rate of 5 per cent. I think it is time the government reconsidered the fixed rate of interest and decided upon a floating or flexible rate something like the interest rate in respect of housing. I think this would be more appropriate. Then our farmers could obtain capital. It would not be frozen and the banks would not be reluctant to lend money.

In this brief period I have shown my concern about the minister's attitude that the farmers have never had it so good. I do not understand how the minister can apply that statement to my area. It does not work that way down east. Farmers in my area have had better times and their net income has never been lower.

There is another area in which the government might reconsider its agricultural policy. I refer to feed grains. This is a provocative and sensitive question that all of us in the house appreciate. I will not debate the matter today, but the government pays a subsidy in order to move feed grains into the eastern part of Canada. I wonder whether it is not time to reconsider this policy. I believe it would help the Canadian taxpayer and the farmer if there were some flexibility in the program whereby if a farmer wanted to produce feed grains locally he could receive the benefit of the grant which the government is now paying in order to bring feed grains from western Canada to the east.

Western Canada is not too happy about the feed grains problem. Ontario is rightly concerned about the premiums paid on western feed grains. That province has produced more corn and would like to develop its feed grains market. There are areas in eastern Canada where feed grains could be developed if the soil were cultivated and farmers had the money to invest for this purpose. If they had the money I think they would be prepared to take a chance on developing feed grains.

There should be a change in the policy of the department to allow a farmer to develop feed grains if he so desires. The situation is that farmers are in effect being subsidized to the extent of $12 a ton to bring in western feed grains. This $12 a ton subsidy could be used to build a grain drying and storing plant over a three-year period. I know one farmer who has developed a grain drying and storing plant with a capacity of 600 tons, at a cost of $16,000. With the subsidy of $12 a ton, which is a federal expenditure, on 500 tons the amount involved is $6,000. In three years that $6,000 multiplied by three would produce $18,000 which could be used for building a grain drying and storing plant. There would be an incentive for the farmer to develop his own feed grains and he would not have to rely upon the Canadian taxpayer to subsidize a program which has caused a good deal of comment and division in agricultural and political circles across Canada.

We could use the subsidy in another way, namely, to improve productivity in local areas. The subsidy could be applied as an incentive to the farmer to develop feed grains and it could also be used to improve the productivity of the land. Very few farmers have the money to apply to the development and improvement of land. If they were able to obtain a subsidy and use it in a fixed direction for two or three years, this would be all that would be required to improve the productivity of the land in order to produce their own feed grains. Again, Mr. Chairman, money would not have to come out of the Canadian taxpayers' pockets to bring feed grains from the west. This is an area in which the government is spending money and I suggest that there should be some flexibility in the policy in order to allow eastern farmers to develop, if they so desire, their own feed grains. This could be done if they were able to benefit from the subsidy now being paid by the Canadian government to bring feed grains to the east from the west.

[Mr. Nowlan.]

At long last a task force is studying the different problems of agriculture. I hope that the task force leads in time to a national conference on agriculture. All farm organizations have been calling for such a conference. But a task force or even a conference is no substitute for policy. I believe that the concern of people in the east and all across Canada is that unless the government is prepared to develop a national policy for regional development there will continue to be regional disparity in agriculture.

So far as agriculture is concerned the east needs massive capital assistance. It is a strange anomaly that in so many fields capital aid can be obtained. Such assistance is provided to industry in my province and all across Canada. If someone wants to build a boat he can obtain capital assistance but if he wants to build a barn he cannot obtain a capital grant. The directors of the Nova Scotia Federation of Agriculture have calculated that grants and subsidies to industry and fishing in that province alone totalled over $200 million from 1961 to 1966 but in the same period agriculture in the province received only $20 million.

• (4:10 p.m.)

I think the outgoing president of the Nova Scotia Federation of Agriculture, Mr. Harvey, in his presidential address to the annual meeting of the federation, as reported in the *Chronicle-Herald* of December 28, 1967 summarized fairly succinctly the problem of massive aid to the east in the following words:

> Commenting on governments' place in the picture, Mr. Harvey said in the past it has often entered too little or too late. All farmers can ask of government is an equal opportunity, and this they have not had in the past. In too many cases farmers have to sell on an open market and buy on a protected one. During the past seven years, he said, agriculture in Nova Scotia has received $14 million in freight assistance, while coal has been assisted by $120 million.

According to the figures given by the directors of the federation of agriculture, the sum is close to $200 million compared with $20 million. The report continues:

> For years farmers have been paying more than their share of municipal taxes. When a fish company desires to build a boat, a large federal grant is available, but when a farmer builds a barn he pays the federal government 11 per cent on the materials.

All the farmers are asking for is equal opportunity, a chance to participate and a chance to produce. Unless this government develops a policy for regional areas, some areas will not be able to contribute to the

mainstream of society. Such a policy is long overdue. Perhaps it would have a better chance if the Minister of Agriculture would recognize the problem as did the president of the United States in the 1930's with respect to southern agriculture. From reading reports of those times I understand he considered that while it was a regional problem it had national implications and a national significance. Thus the Tennessee valley authority was created, and other policies were evolved to help resolve agricultural and other problems in the south. So far as eastern Canada is concerned it will take not just a broad, general, universal policy across the land but a regional policy to help this area.

Not only because of the area I come from but because I have travelled through and worked in different parts of Canada I believe that if we have a healthy farm situation we are bound to have a fairly healthy Canada. This may be a cliché but it is true. I believe that all the problems we have in the country today and the symptoms of unrest, disillusionment and disenchantment start right back at the beginning, that is, on the land. I think it is a legitimate concern of the people on the land to wonder what type of deal they will get and what type of policy this government has. I suggest that the minister should not be satisfied with the short-term political plaudits of his fellow supporters but rather should develop policies for a healthy farm situation which will produce a healthy Canada.

Mr. Loney: Mr. Chairman, for the past two days this house has heard criticism levelled at the politically inept and ineffective agricultural policies of the present administration. The Minister of Agriculture, one of the aspirants to the Liberal leadership, rose in his place last evening and again, contrary to opinion in rural Canada, told the farmers of this country that in fact they never had it so good. I challenge the minister to deliver that speech word for word to the National Farmers Union when they submit their brief on March 7. If the Minister of Agriculture were truly to emulate his political hero he would be better served to quote to the farmers of Canada those words of Lincoln which he has used on other occasions, namely:

> If we could first know where we are, and whither we are tending, we could better judge what to do, and how to do it.

In reply to the leader of the official opposition the minister opposite, in mocking tones, decried humility. May I point out that humility has long been considered one of the outstanding qualities of truly great men. We on this side of the house do not subscribe to the minister's conclusion with regard to the advice of Christopher Hollis on political ambition. I refer to the minister's words when speaking of the Liberal leadership, namely:

> I can only thus conclude that those who would be prime minister, must be those who claim they are the most vain and most vulgar among their confrères.

The minister of Agriculture, when addressing the Canadian Federation of Agriculture in Victoria on January 25, concluded his remarks by quoting in part the famous devotions of John Donne: "No man is an island, entire of itself". The minister expressed these words at the conclusion of a text which proved, contrary to Donne's words, the exact opposite. In matters pertaining to agriculture the minister has proven in his recent speeches that in fact he has isolated himself from the problems which are the prime responsibility of his portfolio. Perhaps the hon. member for Renfrew South is preoccupied with thoughts of other prime responsibilities. This is also evident in his remarks at the C.F.A. meeting.

In the first two paragraphs of his text he repeats the words "prime minister" five times. If repetition has the power of suggestion, then the delegates representing Canada's farming community were left in a state of mind that they would think the Minister of Agriculture wished to vacate his position in search of other goals. I submit that on hearing the conclusion of the minister's address they might have been right. With this I tend to agree.

There is ample evidence that the minister could better serve his party in another capacity, and before the minister smiles I hasten to say that judging from the text of his speeches, which are excellent in content, well-documented with facts according to Liberal thought, and flowing with quotations, he might be a candidate for the post of poet laureate of the Liberal party. That the minister is not conscious of the problems which are his responsibility is evidenced by his flagrant misunderstanding of what is expected of him as Minister of Agriculture.

On February 12 the minister spoke to the Agricultural Institute of Canada. In his address—and I must emphasize that it was an excellent presentation—the minister, an

experienced practising counsellor who evidently considered himself on trial, presented an expansive catalogue of his considerations of the problems of national unity and constitutional reform. This was a speech which should have been delivered in the House of Commons. It was a speech which I suggest should be tested by delivery in Trois Rivières in the English language and in Victoria in the French language. In fact, it is a speech on which I compliment the author. But let us examine the forum. These words, covering 28 pages, were directed to the Agricultural Institute of Canada, an assembly of the professional élite of agricultural business, a select group dedicated, among other purposes, to providing advice respecting legislative matters common to professional agricultural bodies throughout Canada.

A moment ago I used the word "flagrant". In his address to those most concerned with the administration of his department the Minister of Agriculture did not once use the word "agriculture". He did not once use the word "farmer". It appears that the learned counsellor, while presenting an excellent case, failed to realize he was in the wrong courtroom.

• (4:20 p.m.)

The minister has displayed numerous examples of misunderstanding and a lack of comprehension of agriculture. I do not wish to fault him personally but he has either been ill informed, ill advised or is such a tyrant in his office that those who are conversant with the situation as described by my colleagues have been reluctant to give constructive criticism and proper direction.

What is the minister conveying to the Canadian Federation of Agriculture. He is again speaking in the same style, employing quotations and clichés to impress his audience. But what of that audience, what of the intent and purpose of that audience of practising farmers from across Canada? These delegates are determined to bring about, through consultation, some relief, some alleviation of the problems of Canadian agriculture. These problems were created mainly by government bumbling, by lack of policy, by lack of foresight, lack of direction and lack of a minister who understands the workings of his department.

Speaking to the Canadian Federation of Agriculture the minister referred to the pressing issues of the Liberal future. It is the minister's Liberal future which is of concern to him. The farmers of Canada have had enough Liberal present and they cannot

[Mr. Loney.]

afford a Liberal future. The minister spoke about housing, pollution, education, research, all of which are most deserving of our consideration, I agree. However, how seriously can we take the minister when, according to page 5 of his text, in referring to our gross national product he stated:

> To the best of my knowledge we, as a nation, do not have even a goal, only the solemn hopes of the economic council.

This is the statement of a minister who would be the leader of the government. For about 17 pages, or the first half of the text of this speech, no mention is made of farmers, farming or farm problems. Suggestions are made, however, as to how the administration of the departments of his fellow candidates could be improved. Nothing, absolutely nothing, is said about his own department. The minister has certain suggestions to achieve more beneficial planning of productive capacity. His suggestions cover business and government and, second, government and business.

When we go over this speech we ask ourselves, where does the farmer come in? After all, this is the Minister of Agriculture speaking. It is stated that the Liberal philosophy is predicated on social services which place an economic floor under each citizen. Well, the minister should hear what has been said about some of these social services. Ask the farmers about the Canada Pension Plan, the unemployment insurance scheme and so on. Ask the farmers about the dairy commission. Now there is an example of Liberalism. This dairy policy was shoved down the throats of dairymen and regurgitated by the senator for socialism, who introduced an amendment in the Senate to correct deficiencies in the government policy.

Speaking of deficiencies, I draw attention to the fact that no mention is made of farm improvement loans or of the inability of farmers to arrange such loans. The minister, however, did find time to comment upon the inadequacies of small business loans and the Industrial Development Bank. Surely the Minister of Agriculture could be expected to devote some time to farm problems. It is not enough to slough off the difficult problems, as he did on January 25 when he spoke in Victoria. At that time he asked:

> And what of the farmers of Canada? They represent a very substantial proportion of our population. They make a great contribution to Canada's economy.

This is the statement the minister made when speaking to a farm organization. He does not say, you represent a very substantial proportion of our population. He does not say, you make an important contribution. However, the minister did say:

The main reason we enjoy so high a standard of living—have money for skidoos, outboard motors, a car in every garage, and all the other goodies, is because the efficiency and productivity of our farmers is the highest in the world.

Then the minister continues:

Hence, we have cheap food,—

When he says "we", does he mean the government of today?

—as compared with other lands and the vast proportion of our incomes is left for the so-called good things of life.

Does the minister compliment the farmer? Does the minister congratulate the farmer? Does the minister even acknowledge the farmer's contribution? He does not. He does say that the right to food, and food at cheap prices, we take for granted. He stops right there. The minister did say, however, that we are very proud of our accomplishments in the industrial sector. Again I ask, when he refers to "we" does he mean the government of today? Far from being constructive in his remarks the minister stated three times what the farmer already knows, that it is the farmer who is at the mercy of the marketplace over which he has virtually no control. In addition, he stated that the prices the farmer receives have gone up at a slower pace than the prices of the things he must buy.

Now, what about farm organizations? The minister has said absolutely nothing about his department's reaction to the agricultural dilemma of 1968. What methods should be adopted in order that the farmer may gain a greater degree of control over the marketplace? I quote what the minister had to say about methods of farm organization:

The first method would be for the farmer to gain a greater degree of control over the marketplace. This might be accomplished through farmer organization, and the realization of one strong and unified voice to speak for farmers.

I wonder whether the minister will say the same thing to the farmers union when their delegation is here on March 7?

Such an organ could readily achieve the right to negotiate an adequate price structure. The plenitude of marketing boards in various jurisdictions is evidence of the effort by farmers to obtain a degree of control over the marketplace.

The alternative road to a more equitable income pattern is direct government intervention, whereby the farmer would be recompensed for his production through some form of governmental income policy. I think most would agree that measures to achieve equity through a more effective control of the marketplace should be explored to the full before resorting to the second expedient.

• (4:30 p.m.)

In an incomes policy lie the inherent dangers of government control—the waste of an expanding bureaucracy to administer the programs, and the inevitable loss of freedom and individual flexibility.

I honestly do not believe that the minister would seriously consider the second method. He stated when he announced his bid for the leadership in Regina that he did not believe in a national farm policy that would tell farmers what to plant, when to sell their crops and how much they would receive for them. That socialist concept has fallen flat on its face in socialist countries.

These methods might be adopted by the member who considers himself the successor to the present minister, but I suspect they would never be implemented by the minister who considers himself a reform Liberal and on one occasion he said that things are better done if the people do them for themselves.

But what happens when people do things for themselves, Mr. Chairman? An example was provided last May 24. The minister speaks of one unified voice for agriculture. On May 24 last there were 20,000 unified voices on parliament hill and to date their demands have not been met. Last night the minister spoke of sums of money running into millions and billions. Therefore I ask, why the shifting and evasive reaction to the dairymen's request for $5 milk? The minister talks of millions while in effect failing to act over 25 cents.

What did the farmers ask for last May? These 20,000 farmers asked for $5 a hundredweight milk. No action has been taken on this request. They asked for a coherent, comprehensive, long-range program for all segments of agriculture. They asked for a publicly stated policy for agriculture, including a set of goals, for the institution of government programs to achieve those goals, for forward planning by the government that would let farmers plan their own business. Yet no action has been taken.

No action has been taken on a realistic minimum level of income for those engaged in agriculture. Neither has action been taken on commencing specific food export programs, or on a standard of living for farmers equal to comparable operations in industry, or on making adequate provision for those

moving from farms as well as those remaining.

No action has been taken to bring about a stronger policy to prevent corporate encroachment into agriculture or on the government plan to pay the cost of cheap food. We need a clear government policy on land use and tighter regulations to stop food dumping in Canada by other countries. In this respect the situation today is worse than it was last May.

These 20,000 farmers also asked for more public discussion on farm policy, and this they have achieved. However, from the sound of the discussion the minister can expect another march in May. The C.F.A. once more has requested that action be taken on these matters. I ask the minister what action he is going to take.

On March 7, the National Farmers Union will be submitting their brief on the future of farming. I have challenged the Minister of Agriculture to deliver his speech of last evening to the National Farmers Union. Let the minister ask them about farming. Let him ask the farmers of Canada. If the minister has the courage of his convictions, as he appeared to have last night, then he might ask them about the prices of wheat, barley, sugar beets, hogs, cattle and sheep. Let the minister ask them what they think of his dairy policy. It is the farmers who must live on the returns of their enterprises, and they have the answers, Mr. Chairman.

Let the minister tell the farmers of Canada how good things are, how rosy their future looks. The minister has made two speeches in the House of Commons on the estimates of his department. What he said on October 31, 1967, in effect, was that the farmers have never had it so good, that they were actually looking a gift horse in the mouth. The minister repeated that performance last night. The farmers of Canada today know that it is no gift horse they are looking in the mouth; it is the other end of the horse.

Mr. Douglas: Mr. Chairman, yesterday and today the committee of supply has been spending some time discussing the estimates of the Department of Agriculture, and I think it is extremely appropriate that they should be so discussed. For many decades, not just during the period the government has been in office but for decades, agriculture has been the Cinderella of our economy. While other parts of the economy enjoyed a certain measure of affluence, agriculture has always been the industry that has been the last to enjoy the benefits of a period of advance and the first to feel the effects of a period of economic contraction.

I am not interested in debating whether conditions in agriculture were worse when the Progressive Conservatives were in office or worse now that the Liberal party is in office. What concerns me is that agriculture has not been getting its fair share of the national income but is rapidly becoming a depressed industry in Canada. I am convinced that parliament needs to thrash out agricultural programs that will make it possible for farmers to stay on their farms and to make a living somewhat commensurate with that enjoyed by people engaged upon other endeavours.

Last night I listened with great interest to the minister who I noticed spent a good deal of his time pointing to the improvement in farm income and in the sale and export of farm commodities from 1962 to 1966. The minister, of course, was replying to the Leader of the Opposition and seeking to point out that under the present administration farmers were better off than they were under the previous administration.

The minister was very careful, I should point out, to deal with farm income and farm sales up to the end of 1966. However, we are now in 1968 and must deal with the crisis facing agriculture today. If the minister wants to take credit, as he did last night, for the improvement in farm income and farm sales from 1962 to 1966, then he must now accept the blame and the responsibility for the fact that farm income and farm sales have been falling off since 1966.

• (4:40 p.m.)

Let me point out to the committee what is happening with respect to farm income as far as we have statistics available. The D.B.S. figures show that net income received from farm production, seasonally adjusted at annual rates for the first three quarters of 1967 compared with the first three quarters of 1966, works out as follows: The net cash income in 1966 was $2,060 million; for the first three quarters of 1967 it was $1,864 million, a decline of $196 million. This, of course, is what is causing concern in farm circles because the decline in the first nine months of 1967 was continued in the last quarter of that year and is being continued at the present time. Furthermore, if we take the trouble to

look at the index of prices received by farmers we find that in 1962 the index stood at 272.2 while in 1966 it was 297.2. So there has been an increase of 25.2 points or 9.26 per cent. But if we look at what happened in the first ten months of 1967 we find that the index of prices received by farmers for the commodities they sell declined to 290.1, a reduction of 7.1 points or 2.4 per cent. Whatever the minister may say about the situation from 1962 to 1966, the fact remains that in 1967—and I am sure the same will be found true for 1968—farm income has declined. The index of farm prices is declining.

It should be noted that while the index of the prices which farmers receive for their products is declining the index of the prices farmers have to pay for the things they require in order to produce has been rising steadily. The reports show that the composite figure for prices paid by farmers for everything they buy, except their actual living costs, was 290.7 in 1962. In 1966 it was 343.2, an increase of 52.5 points or 18 per cent. But in 1967, when, as I have just shown, the farm index for the prices the farmers received was going down the index for the prices they have to pay for the things they buy went up to 362, an increase from 1966 of 18.8 points or 5.4 per cent.

May I pause to ask the committee to look at that figure? The statistics we have from the Dominion Bureau of Statistics show that the cost of living for all Canadians went up by 4½ per cent. But the prices which the farmer has had to pay for the goods he requires went up by 5.48 per cent, almost a whole percentage point more. So the picture for the past 12 or 14 months is crystal clear. At a time when the index of the prices of the things the farmer has to sell has gone down by 2.4 per cent the prices he has to pay for the things he requires have gone up by almost 5½ per cent.

This cost-price squeeze is not something which has just come about recently. The whole story of agriculture is told in the D.B.S. figures. The publication I have in my hands is, I think, the most recent. It gives index figures for both the prices which the farmer receives and for the things he must buy. A base period from 1935 to 1939 is taken as being 100. By August, 1967, the index price for the commodities and services used by farmers had risen from 100 to 367.1. On the other hand, the price index for the materials used by farmers had gone up to 302.1. Here we have a spread of some 65 points. The price index of the commodities and services used in farm living had increased by August, 1967, to 264.6.

The whole story of agriculture is summed up in these indices. Over a period of years, taking 1935-39 as the base period, a gap of some 20 per cent has arisen between the prices the farmer has been receiving and the prices he is compelled to pay, even assuming that in the base period they were comparable, which they were not.

One of the major factors in the increase in the farmers' cost of living has, of course, been farm implement prices. I remember that when the minister was appointed to his present portfolio following the last election in 1965 he made a trip through western Canada. The farmers welcomed him. It was the first time they had had an eastern Minister of Agriculture for a long time, and I must say the minister made a very good impression. And he made some excellent speeches. No one could deny the minister's ability to make very eloquent and impressive speeches.

• (4:50 p.m.)

The minister told the farmers what they already knew, namely, that their farm prices were much too high, and he said he was going to do something about them. Well, the interesting thing is that the index for farm machinery prices issued by the Dominion Bureau of Statistics shows that in 1965 it was 284.9 and in 1967 302.5, an increase of some 17.6 percentage points or almost 6 per cent.

It is true that the minister has appointed a royal commission. I am never sure whether these royal commissions are appointed to do something or to give the government an excuse for not doing anything. Over the years we have had investigations into the price of farm machinery. I was a member of the agricultural committee back in the 1930's when we had a two-year investigation into the high price of farm machinery. We have had investigation after investigation.

There is no doubt about the fact that the high price of farm machinery has been a major factor in raising the farmers' costs of production. There is no doubt about the fact that the labour cost per unit of machinery has actually gone down, so that wages cannot be used as an excuse for increased farm machinery prices. Yet the fact remains that farm implement prices have continued to increase steadily. Even in the past 12 months they have increased by 3.2 per cent.

Like most members, I will be glad to hear what the minister proposes to do about the high price of farm machinery. It is now over two years since he promised to do something about the fact that the farmer was being exploited by the farm implement monopoly. Everyone is prepared to give the minister ample time to investigate, to gather the facts, to work out a policy, but surely something over two years is more than adequate for the minister to bring some concrete proposals before parliament. So far he has failed to do so and the cost of farm machinery continues to rise.

Last evening the minister talked about sales of wheat and the price of wheat. The plight of the wheat producer in the prairies was summed up by the Canadian Federation of Agriculture in their brief, and just one paragraph is all one needs to quote:

> The Canadian wheat producer has faced a combination of rising costs, falling prices, and shrinking world marketings—a combination calculated to sharply and seriously undermine his income position.

The decline in the sales of wheat is something which is causing great concern not only to the prairie farmers but to the entire prairie economy. The minister quoted with great glee the large sales of wheat made under the present administration in 1963, 1964, 1965 and 1966. One could point out that these sales of wheat were largely due to the fact that there were very serious crop failures in certain parts of the world. These increased sales were due to a windfall of large exports of wheat to the communist countries, but last night the minister took all the credit for these increased sales of wheat. I submit that if he is going to accept praise for the increased sales he must now accept the blame for the very serious decline in the sales of wheat, and not only himself but also the Minister of Trade and Commerce who is primarily the minister responsible.

From July 1 to February 14, which is the latest figure we have, wheat sold by Canada for export purposes amounted to 126.5 million bushels compared with 283.1 million bushels for the same period in the previous year. That is a decline of 156.6 million bushels. That means that in the present crop year we have sold only about 40 per cent of what we sold in the same period of the previous crop year. When we get down to selling only two-fifths of the wheat we sold in the previous crop year then I suggest that the wheat economy is in trouble.

[Mr. Douglas.]

The minister, of course, will argue that this is due to the international situation but I would point out that the United States, which is a much larger exporter of wheat, for the same period of time has had a decline in its wheat sales of only 28.7 million bushels, and the United States department of agriculture is confidently predicting that in this crop year they will sell 750 million bushels of wheat compared with 742 million bushels in the previous crop year. They are confident that they will sell more wheat in this crop year than they sold in the last crop year.

It may be that the prediction of the Minister of Trade and Commerce that we shall sell 350 million to 400 million bushels of wheat in this crop year will be realized. I certainly hope it will, but even if it is, this will be considerably below previous years. But if we are going to sell 350 million to 400 million bushels in this crop year we will have to do much better than we have done so far this year.

It is not only a matter of sales of wheat—I will come back to those in a moment—it is also a matter of price. There is good reason to be concerned about price. On May 25 last, as recorded at page 577 of *Hansard*, when discussing the new 1967 international wheat arrangement the Minister of Trade and Commerce said:

> On the matter of price, it is understood in trade terms that this means the new price range which I have reported to the house will be observed in the months ahead until the new agreement becomes fully effective.

Of course we know that those were empty words. The minister may have intended that the new price range would be observed in the months ahead but, as every member from western Canada knows, when the international wheat agreement expired on July 31, 1967, the United States began to dump wheat well below the price range which had been proposed for the new international wheat arrangement. It was because of this that the government was compelled to introduce a floor price of $1.95½ for Canadian wheat What the farmers are concerned about is what happens after the end of June because the $1.95½ floor is effective only until June 30 this year.

• (5:00 p.m.)

Does the government intend to guarantee that floor? Will sufficient importing countries sign the agreement that we will be assured that all the wheat we sell will bring the farmers a minimum of $1.95½? For an 11-month period we have been without the protection

of the old international wheat agreement. The only protection the wheat farmer has now is the temporary guarantee the government has given of $1.95½ a bushel basis Fort William effective until June 30.

What about the future? What are the prospects? I think the Minister of Trade and Commerce owes the wheat farmers of western Canada a clearcut statement concerning what the prospects are for the future and whether the government will continue that floor price or whether it will be the present floor price or another one. I do not need to tell the committee that on March 7, 1963, in the city of Saskatoon the Prime Minister made a firm commitment to the farmers of western Canada that there would be a guaranteed floor price of $2 a bushel and, moreover, that there would be a two-price system for wheat. We have never heard any more about that promise. That was a firm commitment made by the leader of the Liberal party and the man who is now Prime Minister of Canada.

I believe the government owes it to the farmers to state what the government's policy is with regard to wheat prices because since 1963, when the Prime Minister talked about a guaranteed price of $2 a bushel, the cost of living has gone up by some 14 per cent and the cost of producing a bushel of wheat has gone up by more than that amount. This is why the Federation of Agriculture is talking now about a guarantee of $2.12 a bushel for wheat sold in the export market and $3.12 a bushel for wheat sold on the domestic market. Fortunately or unfortunately for the government—I do not know which—western Liberals at a conference a few weeks ago attended by the Minister of Agriculture adopted a similar policy.

It is not enough for the Prime Minister on the hustings and for the Liberals in conference in Winnipeg to talk about a guaranteed price of $2.12 a bushel for export wheat and $3.12 a bushel for domestic wheat unless this is put into effect. Are we to believe that the government when it makes these proposals to the farmers during a political campaign or at a political conference is simply talking for public effect and has no intention whatever of doing anything about establishing a reasonable floor for wheat prices and establishing a two-price system?

May I conclude, Mr. Chairman, by saying that no one thinks the Minister of Agriculture has a simple problem. As I said when I began, agriculture undoubtedly has been the depressed industry of Canada for a long time. Part of the plight of agriculture is inherent in the type of economy we are developing in Canada and in North America. We are developing increasingly an economy of which a very large part is controlled by what Galbraith has called the oligopoly, a collection of gigantic monopolies which are able to establish prices of things like steel, automobiles, farm machinery and a whole score of items. These corporations are so powerful that they can generate their own capital requirements, control their own supplies and virtually set their own prices. Among them there is little in the way of competition price-wise. Their competition may be in service, advertising or in gimmicks. But the prices of the commodities in the administered section of our economy are largely set by the industries themselves.

Against this is the fact that part of our economy still operates on a competitive basis. This includes the service industries, some of the smaller industries in the retail trade, and particularly the agricultural industry. Consequently we have in our economy, on the one hand, a great oligopoly with fixed prices uninfluenced by the law of supply and demand and, on the other hand, the competitive part of our economy in which the farmers who must buy in the protected administered market must then turn around and sell in a competitive market whether they are selling domestically or overseas. They sell on the basis of competition while they buy the things they require in a protected market.

The Chairman: Order. I must advise the hon. member that the time allotted to him has expired.

Some hon. Members: Continue.

The Chairman: Does the hon. member wish to continue?

Mr. Douglas: I should like to finish if I may, Mr. Chairman.

The Chairman: Does the hon. member have the unanimous consent of the committee to continue?

Some hon. Members: Agreed.

Mr. Douglas: The point I wish to make, Mr. Chairman, is that of course we cannot turn back the hands of the clock. We cannot go back to a completely competitive system or reproduce the laissez-faire system of the nineteenth century, even if it ever existed. The fact is that a large part of our economy

is now controlled; it has administered prices and we will not be able to abolish that. We must now look at the competitive part of our society which has no protection and which, as I said, must buy in a protected administered market and sell in an open competitive market with very disastrous results. Therefore, what Canada needs is a national agricultural policy that will take cognizance of the fact that if agriculture is left to sink or swim in this kind of economy it does not stand a chance of survival.

This means there are a number of things that this or any government in office must do. It must take some steps to protect the agricultural producers against unfair competition. The greenhouse industry, the potato growers and the dairy farmers are already experiencing this kind of unfair competition.

I am not suggesting that we build great tariff walls behind which the prices are exorbitant; I am pointing out that there are periods of time when unfair competition can so completely wreck the market for domestic producers that they may be put out of business and we may find ourselves at the mercy of importers who, having eliminated the domestic producers, are able charge us any price they like. It seems to me that one task this government must undertake is the provision of adequate measures of protection against unfair competition.

• (5:10 p.m.)

I think the government is going to have to adopt a system of guaranteed prices for a great many farm products. If the prices which the farmer has to pay for machinery, for a car, for steel, lumber and other construction materials are going to be set by monopolies over which he has no control, then surely the economy must be prepared to see that there are some guaranteed prices for the farmer.

I want to suggest also that the government is going to have to bestir it itself in order to do something about overseas markets for our farm products. We listened to the minister speak yesterday about the large exports of grain, about which we are all delighted, but we must remember that a very large part of these exports resulted from sales to Communist countries which had experienced drought and crop failure. In the crop year 1965-66 we sold 765 million bushels of grain, but there is no evidence that this is going to recur. So far this year I believe we have sold some 75 million bushels of grain to the Soviet union and 78 million bushels to China. What is being done about these markets and what is the government doing to encourage these countries to continue to buy from us?

I am not just talking about exports credits. In the main these countries can only afford to trade with us only if we work out two-way trade relations; otherwise they will be merely occasional buyers. They will buy from us only when they are in desperate straits. There is no doubt about the fact that so far as the Soviet union is concerned, for instance, it would be much cheaper for them to buy Canadian wheat for their Siberian requirements and have it shipped from Vancouver through Vladivostok than to bring it up from the Ukraine. There is no doubt there will be a growing market for Canadian wheat for many years in China provided China can pay for it. The problem involved in paying for it is related to the earning of Canadian dollars. What are we doing about building up two-way trade so we can have a permanent market there?

We have a market in Europe and we want to hold on to it, but that market is not likely to expand in keeping with the increased productivity which our farmers are capable of demonstrating. If we are going to sell the increasingly large amount of wheat our farmers are likely to produce on the prairies we will have to develop markets in the Orient, in China and in southeast Asia, if the Viet Nam war ever ceases, and in Siberia. This is only going to be done on the basis of two-way trading agreements. I hope the Minister of Trade and Commerce is going to tell us what he is doing about this.

Finally, the government must look at what part the Canadian farmer can play in foreign aid programs in many parts of the world. It is a reflection of the lack of ingenuity on the part of human beings that in a world where 1,500 million people go to bed hungry every night we should be worrying about the huge surpluses of food we have in this country. There are markets abroad, and to sell to them in some cases may involve loans. In some cases it may mean accepting soft currency and in some cases it may mean outright gifts. I suspect that the outright gifts we might have to make would still amount to much less than what we are spending on armaments, and I have the strong feeling that outright gifts of food would do more in the long run to preserve the peace of the world than the money we are spending on obsolete military hardware. This is a field that has to be considered.

The consumption in our own country must be considered. What has happened to the school lunch program that was talked about and the free milk for children in schools? The United States has experimented very successfully with a food stamp program which allows elderly people, old age pensioners and people below a certain income level to obtain food stamps so they can purchase food more cheaply. Surely there is no end to the possibilities for disposing of food. There is no doubt about the farmers' ability to produce food. No industry in Canada has increased its productivity more per individual employed than agriculture. The agricultural industry has produced so successfully and efficiently it has almost put itself out of business. No other industry has shown such a remarkable capacity to increase its commodity per person employed. The farmer has done his part.

The responsibility now lies with the government and with parliament to work out, first, the kind of programs which will give to the farmer a reasonable return for his commodity, which will enable him to maintain himself and his family and meet his obligations and, second, to work out programs by which the large quantities of food produced by farmers in this country are made available to people who need them both in this country and in many lands around the world.

I have no desire to make picayune criticisms of the minister, because this problem is much larger than any small, single issue. The real need in Canada is for the government as a whole, including not only the Minister of Agriculture but the Minister of Trade and Commerce and the Minister of Finance, to work out a national agricultural policy which recognizes that farmers in a competitive economy, and part of a large administered economy, must have government assistance and government direction. If the government is prepared to work out such a national agricultural policy I can assure him that he will have our wholehearted support. I say to the government that if it continues to ignore this problem and merely puts patches on what is a badly torn garment, the situation will go from bad to worse. Every time the agricultural industry gets worse this in turn has an adverse effect on the economy as a whole. The people of the cities are to a very large extent dependent upon the purchasing power of the people on the farms. A healthy agricultural industry is a basic prerequisite to a strong and expanding Canadian economy.

Mr. Watson (Assiniboia): Mr. Chairman, after listening to the minister speak last night I could not help but think of that beautiful picture he painted of western agriculture. I was reminded of jet streams at 37,000 feet above Saskatchewan. The view the minister had of the prairies must have been from that distance.

It is now obvious to all farmers that the Canadian negotiators at Geneva, including the Minister of Trade and Commerce and the Minister of Agriculture, were simply taken into camp by the wheat importing countries. Wheat is now selling at 22 cents below the price in April and 4 cents below the minimum of $1.95½.

The situation in which the western farmer finds himself is particularly serious in view of developments that tend to put the farmer in a cost-price squeeze from which there is no escape. The prices that farmers must pay have risen all along the line to the point where they have to pay nearly double what they were paying seven or eight years ago for the things they need. The government is directly responsible for a great deal of this inflation. This is the unanimous opinion of economists, the provincial premiers, newspaper writers and even the president of the Economic Council of Canada, Mr. Smith. Recent reports of the Economic Council of Canada and an article which appeared in the New York *Times* written by Arthur J. R. Smith, the president of the council, in January reveal that government spending has been growing at an unsustainable rate.

• (5:20 p.m.)

Many of the things farmers buy are subject to the 11 per cent sales tax. Building materials are still subject to this tax. The farmer has been heavily taxed through rising prices of consumer goods, since he is one of the nation's major consumers. In the past five years he has paid a heavy indirect tax amounting to 18 per cent and 20 per cent on almost everything he buys. Yet the rise in the price of farm products has been small in comparison and in many cases there has been a decrease in the price of the things the farmer sells, such as wheat, cattle and hogs.

In 1951 for the entire year prime steers averaged 31 cents a pound at the Alberta markets. Though costs have soared cattle prices are well below what they were 15 years ago. At the same time, the consumer is paying for beef twice what he paid at that time. Somebody is making a tremendous

profit, and I can assure the minister that it is not the farmer. Now the ministers of this government tell us that the farmers have never had it so good. If this is a joke, I say it is certainly in bad taste with the farmers. The government has made no move to protect the interests of the farmer. Western farmers realize that this is a normal situation under a Liberal government.

Everybody in western Canada recalls the mountains of wheat we had out there in 1956 and 1957. That was also a time when a Liberal government was in office. The attitude at that time was: If people want this wheat, let them come and get it. The attitude now is: Let us give it away. I say to the minister and the government that they cannot even do that this year.

I have here a clipping from last Saturday's *Leader-Post* which says that wheat exports are down 58 per cent. The article reads in part:

> Canada's wheat and flour exports were down 58 per cent in the first five months of the current crop year, the Dominion Bureau of Statistics reported today. Sales from August to the end of December totalled 110 million bushels in terms of wheat equivalent, compared with 260,800,000 bushels for the same period of the previous crop year.

Another article headed, "Lower Beef Prices Seen," reads:

> While prices of other meats may strengthen in March, beef prices are easing downward.

Despite these facts the minister in his speech last night left the impression that the farmers of western Canada never had it so good. This government has perpetrated a betrayal of the interests of the western farmers. At the same time it has neglected and ignored the farmers of eastern Canada. Last summer we saw on parliament hill 10,000 eastern Canadian farmers who put their views before the government. Ministers who have no conception of the problems the farmers have to face told them to be good boys and that they never had it so good. Then they locked the doors of the parliament buildings.

We now have a situation which all the eloquence of the Minister of Agriculture cannot conceal. Wheat prices have slumped drastically because two ministers who know absolutely nothing about wheat went to Geneva and gave away everything to the serious detriment of the western farmer. I can understand the predicament of these ministers. They go on the international circuit and do not want to hurt the feelings of anybody but the western farmer. Apparently they were ready to agree to anything. Why is it that every time a Liberal government is in office the western farmer has the rug pulled out completely from under him? When the Conservative party was in office these things did not happen.

Mr. Roxburgh: Nothing happened.

Mr. Watson (Assiniboia): We did not see the hon. member for Qu'Appelle going to these conferences and handing over the interests of western Canada on a silver platter. Under this government we face sagging prices, diminishing markets, uncertain prospects and a refusal to face facts. Why do they not admit they have made a mess? Why try to kid the western farmer?

The Minister of Agriculture found out, when he met the western stock growers in Calgary a couple of weeks ago, that you do not kid the western rancher either. The trouble with this government is that there are on the other side of the house so many leadership hopefuls that to them running the country is just a part time occupation. What do they care if the western farmer faces higher costs and has to pay $16,000 for a combine that in 1962 could be purchased for $12,000? What do they care about the small farmer who could buy a 30-inch combine from 1950 to 1955 for $5,000 and who today have to pay $10,000 for the same type of machine?

A few years ago the Minister of Finance, who was minister of trade and commerce at the time, was playing around with the wheat board. At that time he went to western Canada, I believe to the city of Moose Jaw, and asked the farmers to cut back on their production. Then a little later he came out west and asked them to grow all they could.

The Minister of Trade and Commerce and the Minister of Agriculture went to Geneva representing our farmers, and again the western farmer was taken for a ride. Those ministers must have been consulting the Minister of Finance because they decided the Canadian farmer did not need protection during the period when there would be no wheat agreement.

What has happened? While the Canadian farmer has been completely unprotected the Americans have forced down prices in order to unload as much surplus wheat as they can. They have done this with the consent or through the ignorance of this government. Talk about the blind leadings the blind. United States markets have stayed up while

Canadian markets are down 58 per cent. During this time the costs of the western farmer have increased.

On October 31 the Minister of Agriculture told us how wonderful it all was, and again last night in his speech he told the farmers of western Canada and those concerned with agriculture in general that they never had it so good. While prices were falling all around he spoke of the high prices we have enjoyed on the average in the past five years. I point out that we have also enjoyed very high costs, and these costs are getting higher. At the same time the price of farm products is falling. The government and its members have only one thing in mind, the leadership convention that will take place in the first part of April.

Is this parliament going to sit by while the western wheat producer is taken for a ride? On October 31 the minister in his speech mentioned that an average farm in the province of Saskatchewan contains 763 acres at the present time. I would like the minister to look at a 700-acre farm in Saskatchewan. The Canadian Wheat Board has said that we will be lucky if we get a six bushel quota. That means that 4,200 bushels is all that a western farmer can sell. This will bring in approximately $6,500. In what situation does this put the western farmer with a family to keep, taxes to pay, the increased cost of machinery to face, and debts to pay off? What other group of people in Canada would be expected to pay for all these things on a $6,500 income, and on top of that to buy the land and the machinery to go with it?

• (5:30 p.m.)

A drop in the economy of western Canada, which we appear to be facing in the next few months, will produce repercussions right across the country, in the automobile showrooms, the farm implement business, retail merchandising, and also in investment. A drop in western prosperity will be immediately reflected in eastern Canada. If there is a continuing rise in unemployment we will be able to thank this government and its policies. Just recently the Saskatchewan government released a white paper showing a 37 per cent drop in farmers income in 1967. I should like to quote the following article from the *Financial Times* of February 12, 1968, headed, "Saskatchewan Tightening Its Belt After 'Only Average' Crop":

As wheat goes in Saskatchewan, so goes the provincial economy and in 1967 several areas of the provincial economy deteriorated.

A government white paper last week showed drops in total income, net value of commodity production and housing completions. . . .

Total personal income dropped 6 per cent to $2 billion in 1967—a drop of 37 per cent in farm income. . .

Farm machinery investments dropped, though, because of the smaller crop.

The wheat crop for 1967 totalled 339 million bushels, about 37 per cent lower than in the previous year—but higher operating and depreciation costs are expected to reduce net farm income to about $329 million—about 37 per cent lower than in 1966.

Having been a farmer in western Canada and knowing what the real pinch is, I think this is a very true picture. We in Saskatchewan have a wheat crop of 339 million bushels, which is 37 per cent lower than in 1966. The average yield is 17.7 bushels, 10 per cent under the 1957-1966 average. Net farm income in Saskatchewan was $329 million in 1967, down 37 per cent from $751 million the previous year.

We have heard the Minister of Trade and Commerce congratulating himself on having extended the range of the agreement. This does not help the farmer at a time when we have a low minimum price and prices which go below that minimum as well as a falling off in general sales. The western wheat farmer, in view of his massive commitments, cannot be expected to view the situation with calmness. I am sorry I cannot take the same optimistic view of the situation as do the Minister of Agriculture and the Minister of Trade and Commerce. Since neither of them is caught in a cost-price squeeze in the face of falling prices and falling markets they can afford to be unmoved, but the western farmer cannot.

What about the final wheat payment in 1969? This is when the western farmers will realize that as a result of the lack of sales in the current crop year there will be practically no final wheat payment in 1969. It was an unpardonable example of gullibility for these ministers to leave Canada and the Canadian wheat producer without the protection of the international wheat agreement for a whole year. It is all right to be an international good fellow, but already this action has cost the western farmer and the Canadian economy more than Expo—well over $100 million. At the same time, wheat sales are sagging because of United States undercutting made possible by the failure to insist on maintaining or extending the wheat agreement. Many countries have held off their wheat purchases in anticipation of falling prices.

It is all very well for the Minister of Trade and Commerce to rush down to Washington and extract a few cents out of them when what we should be getting is at least 25 cents more for a bushel of our western wheat. That is what the western farmer wants and what he needs. What is the use of producing the world's finest wheat if the government is going to dump it on the market like so much garbage? The farmer does not want throw-away wheat, nor does he want give-away wheat. The western farmer is feeling the pinch and the whole Canadian economy will feel it when the returns are in. The government can look to itself for having bungled the wheat situation by its amateur tactics.

On September 27 the minister said in the house that he was disappointed with our sales to Japan. The western farmers are also disappointed. We are disappointed with the whole sorry story of government bumbling and inability to drive a bargain on behalf of the producers. We have done our share and we do not relish being undercut by the government's incompetence. We realize that the wheat boom is over at present. It is not over because people all round the world do not need our wheat. It is over because the government has not done its job properly. I suggest that if they cannot sell wheat and carry on successful negotiations they should take the advice of the hon. member for Qu'Appelle who has an outstanding record in this respect.

In recent years wheat has become the mainstay of our nation's economy. Under this government it is once again being relegated to a secondary position. Here is a government which spends its time and the taxpayers' money on phony publicity stunts like the war on poverty, reports on American investment, without which we could not live in this country, and a host of other meaningless and time-wasting schemes and programs. At the same time it is unable to look after the basic housekeeping of this nation, such as the sale of wheat, keeping prices and taxes down and giving to Canadians the opportunity to expand in the prosperity which should be ours. The government has frittered away prosperity. Now they come to us expecting congratulations because, as they say, they have kept us out of the poorhouse. Canada's wheat is needed. The market is there. The production is there. It is up to the government to come back to reality and forget about the leadership ambitions of some of its members. They should rather look after the essential business of the country.

[Mr. Watson (Assiniboia).]

Another factor leading to insecurity is the question of how much wheat China will take next year. The government is saying nothing about that. If there is a serious falling off in the amount of wheat that China buys from us the economy, not only of western Canada but of the nation in general, will be in deep trouble. We want the government and the minister to give us the facts on these matters. We want from the minister an assurance that he and his department will get the wheat moving. We want an assurance as to prices and the volume of sales so that farmers can have some idea of what the future holds under this government.

• (5:40 p.m.)

The whole picture is one of uncertainty and it is growing worse day by day. The decline of 100 million bushels in exports this year at a time when United States sales are picking up cannot be explained to the Canadian farmer. I suggest that neither the Minister of Agriculture nor the Minister of Trade and Commerce go to western Canada and attempt to justify that situation. If either of them really has leadership ambitions he should think very seriously of a way to solve the wheat problem. There has to be a stepped-up selling campaign. We do not intend to return to the days when the western producer was a sitting duck for the lack of activity on the part of the government. The wheat situation is extremely grave, so not only the western farmer but the whole Canadian economy and the government had better get moving on it at once.

Western agriculture is in a serious situation. The constituency I represent includes approximately 45 rural municipalities. Of those rural municipalities, approximately 38 will receive P.F.A.A. payments during the year 1968. Whenever this number of farmers receives P.F.A.A. payments it is a good indication that western agriculture is in a serious situation. Last evening the minister mentioned the Farm Credit Corporation and the amount of money that had been borrowed from that organization. I believe he said that in 1962 about $78 million had been lent by the Farm Credit Corporation and in 1966 the amount was $234 million. I can assure the minister and the members of this committee that no farmer in western Canada is proud of borrowing money. If he had the money in his pocket which he should have he would not have to go to the Farm Credit Corporation to borrow these amounts.

Before concluding I should like to say a few words about P.F.R.A. Again I ask the minister, does he realize what he is doing to the western farmer? The best program for helping the farmer with water problems was the dugout and dam assistance program under P.F.R.A. This program paid 7½ cents per cubic yard for dugouts and dams up to a maximum of $300. The situation now is that the rate remains at 7½ cents per cubic yard but the maximum has been lowered to $150. In reality this means only one thing to the western farmer. The rate has been cut to 3¾ cents per cubic yard but the department has put it in different language. I do not know whether the department believes the western farmer is really that stupid.

In western Canada we realize that P.F.R.A. engineers, with their many years of experience in building the South Saskatchewan dam, for example, are the best trained men to deal with these problems. These men are now being transferred to the Department of Energy, Mines and Resources and an attempt is being made to scuttle P.F.R.A. at a time when western agriculture has experienced one of the dryest years it has had. No group in Canada understands the water problems of western Canada better than the P.F.R.A. officials. I should like to quote a letter I received from the Rural Municipality of the Gap No. 39 pertaining to this situation. It reads:

> At an agricultural conservation and improvement committee meeting held on February 26, considerable discussion took place with regard to the reduction of grants for farm dugouts and the following resolution was passed by the local committee which consists of the whole council and two other farmers at large;
>
> "Considerable discussion took place with regard to the reduction of grants to be paid by the federal government and it was moved by Andrew Barbarin that the secretary send a letter of protest to the Hon. J. J. Greene and request that the federal grant be reinstated to what is was formerly..."

These are the problems faced by western Canada today. Recently, however, another problem has developed and I am not sure the minister has had it brought to his attention. The hon. member for Moose Mountain referred to it briefly yesterday. I refer to the effect Bill No. C-190 will have on the producers of p.m.u. which is shipped to the Ayerst laboratories in Brandon. Approximately 150 farmers in Saskatchewan, Manitoba and Alberta will be affected if this problem is not solved. I believe that this major producing area in western Canada will be affected.

Mr. Moore: Mr. Chairman, I welcome the first chance for some time to discuss the present state of agriculture in Canada. I intend to confine my remarks specifically to the dairy industry. Before I commence may I say that I listened to the minister last evening comparing two government's policies. I think it is enough to say that the farmers can judge between the two policies. What they really want to know is, what comes next? They were not told this. After the minister's speech last night, however, I am sure the farmers will know that they have nothing to fear. They have been making more money than they thought they were.

In so far as the amount of money farmers are now borrowing is concerned, I point out that in most cases farmers borrow because they have to, not because they want to. They know how difficult it is to repay this money. I base my opinion on personal experience of over 30 years as a dairy farmer. The government's policy seems to be that rural poverty can be eliminated by getting rid of the farmers. If you get rid of the farmers, you get rid of the poverty. I would not like to try to tell the small dairy farmer who gets no subsidy that he never had it so good. I would not even like to tell the fluid milk shipper on a small quota that he never had it so good.

This government is not noted for having an agricultural policy but it does introduce a dairy policy each year, and a different one each year. The government hopes that this will keep the producers reasonably quiet until next year. The result is that the dairy farmer, who is running practically a lifetime operation, cannot make any long term plans. Policy is changed every year, sometimes even in mid-year, so a planned program is impossible. Guess who is left holding the bag as usual.

The Department of Agriculture, aided now by the Canadian Dairy Commission, has two separate pieces of advice for the dairy farmer designed to help him with his problems. These are two very interesting, separate pieces of advice. The first piece of advice is that he must increase his efficiency, enlarge his unit and work longer hours. This means working longer than the average of 13 hours a day for a dairyman. He must also cut his costs of production, and tell us how he does that these days. Finally, he must improve his herd.

• (5:50 p.m.)

With regard to herd improvement, what is the record achieved by Canadian stockmen

who are breeders of dairy cattle? A couple of years ago Canadian breeders sold a dairy cow for the record sum of $42,000. Shortly afterwards another sold for $43,000. The highest price ever obtained at auction for a dairy bull by Canadian breeders was $115,000. Shortly after that a bull was sold to the American breeders association for $140,000, and since then $150,000 was paid for a sire used in Ontario in an A.I. unit. These sires are used by Canadian dairymen through the A.I. program.

Let us see if milk production has improved at all. A few years ago it was not very common to get a cow producing 20,000 pounds of milk a year. However, today it is common among the high producers, some of which have produced over 30,000 pounds. I believe that three such cows in Canada achieved this figure last year, though I could be wrong there. That means that over 1,000 pounds of butterfat, sometimes 1,200 pounds, is produced by a single cow in one year. If that is not an improvement I should like to know what is. I should also like to know what more the dairymen of Canada can do to improve their livestock.

The second piece of advice is that the dairyman should produce less milk. How you can produce less and at the same time increase production I have not yet figured out, though I may in time. If this does not solve the dairymen's problem, it will at least solve the problem of the minister and the dairy commission. How ridiculous can you get, Mr. Chairman?

A new dairy policy is due soon, though what it will consist of no one knows. If the dairy farmer is a good guesser he will be prepared to take advantage of the goodies it offers. Let us look at the last dairy policy for a moment since it is the one now in operation. More money was spent on subsidies than the year before but there was greater dissatisfaction, and I should like to know why. I can tell you why, Mr. Chairman. Producers who shipped under 50,000 pounds of milk or the equivalent in cream received no subsidy at all. This was one of the rank discriminations of the policy.

Who were the farmers affected by this discrimination? They were the smaller mixed farmers to whom the sale of milk from a few cows was an important part of their operation. I should like to know what principle the minister is adopting here. This discrimination could be removed to a certain extent when the figure drops to 12,000 pounds from 50,000 pounds. The yearly production of one good cow is 12,000 pounds. Any farmer who produces more will come within the policy. Nevertheless, the principle is still the same, and we must not forget that a large number of dairymen are affected by it. If the principle is correct, then any farmer who ships one pound of butterfat or one pound of manufacturing milk should receive the subsidy. The present policy discriminates against the fluid milk shipper, who must produce milk of highest quality and at even greater cost, with a huge outlay for equipment. I am having a little competition from across the aisle, Mr. Chairman.

The Chairman: Order.

Mr. Moore: For example, Mr. Chairman, fluid milk shippers are required to instal a $4,000 or $5,000 cooling tank. The barn cleaning equipment costs $2,000. Most large dairymen have this equipment but fluid milk shippers must have it and also many other items of equipment. Yet they receive no subsidy for a large part of their milk which may be used for manufacturing purposes. In many instances the quota for the higher priced distribution milk is very small, and it is to these dairymen that I refer, not to those with a full quota. The provincial board may increase the price for this portion, thereby increasing the cost to the consumers and causing them to buy less milk. In turn, this cuts the farmer's quota even further.

I should like to give you an example of this, Mr. Chairman. Some months ago I met a group of fluid milk shippers in Alberta and they had their milk cheques in hand. We carefully figured out the average price that each received. One young man—I pick him because the government seems to feel that the older men should pack it up—received an average price of $3.31 per hundredweight before haulage charges were deducted, and believe me, Mr. Chairman, they cost enough. This is hardly in line with the minister's widely published $4.75 per hundred pounds for manufactured milk. This man operates in an area where the cows are stabled eight months a year and fed on hay costing from 50 cents to $1 a bale.

The dairy policy of the government has been one of discrimination and expediency. The method of payment and the administration are just too awkward to describe, as many members of the house who have dairy producers in their constituencies can testify.

Incidentally, Mr. Chairman, the government recommends that our farmers be more businesslike. The stabilization board and the dairy commission did not set a very good example during the past dairy year to the farmers who were supposed to be businesslike. I should like to quote from page 2 of the Canadian Dairy Commission statement of January 15, 1968:

> —the commission gives notice that this is the last year newcomers may receive subsidy quotas except by reallocation.

Is this common business practice or is it the action of a dictatorship? In a democratic country such as Canada it certainly amounts to arrogance. Has any man who purchases a herd of milk cows and is given a quota any guarantee that the quota will be honoured? This is a question that the Minister of Agriculture should answer. We are waiting for the answer and I hope we will have it today. I think the whole quota system requires very close scrutiny. May I call it six o'clock, Mr. Chairman?

The Chairman: Order. It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Winnipeg North Centre, pensions of retired civil servants; the hon. member for Lac-Saint-Jean, C.B.C. Radio—re broadcasts over CKRS-TV; the hon. member for Kootenay West, Finance—request for statement on economic and financial policy. It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Chairman: When the committee rose at six o'clock it had been considering vote 5c of the supplementary estimates of the Department of Agriculture.

Mr. Moore: Before we rose I was making reference to some of the dictatorial statements given out on January 15, 1968, by the Canadian Dairy Commission. No wonder farmers have been forced out of business by the hundreds; no wonder young men cannot be found to replace them, even if they could afford to do so—which they could not, anyway, in these times.

The minister has told us on many occasions that prices are higher than ever before. He compares them with prices under the former government. What a misleading comparison. Net returns are dependent on production costs, and this is all I need to say.

An hon. Member: He doesn't know any better.

Mr. Moore: Thank you.

This attitude on the part of the minister is not good enough. Under a Liberal government I sold milk for 48 cents a hundredweight. But that will not help the farmers of today. It is history. They are not interested in it.

It is noteworthy that a government supporter in the other place has introduced a bill to amend the Canadian Dairy Commission Act. I have read it and I have a copy here. I wonder why he is doing this. Surely it could not be for the sake of justifying an institution which once he wanted to abolish. He was at one time a member of this house and the chief agricultural critic for his party, or parties. He knows that the present act is not fair. My only criticism of his bill is that it does not go far enough; it only refers to discrimination against the small milk shippers or cream shippers. Nevertheless he deserves to be commended and his point is well taken.

Here is an industry which is already declining rapidly. Yet, through its policy the government is attempting to increase the rate at which dairymen all over Canada are going out of business. And it is succeeding. I would call your attention to this, Mr. Chairman: I have not asked the government to expend any more money. I have condemned it for failing to allocate the available funds more fairly. The minister should I suggest rectify this state of affairs when next he announces dairy policy. There is a limit to the amount which the government can pay in subsidies; we are all aware of that. But there is another aspect of this question. How much has the government spent on research to find new methods of processing and packaging so as to obtain new markets? Does the government intend to let other countries which have made great strides in this field get ahead of us, as usual? We have to remember that new markets will likely be found in countries where refrigeration is scarce or non-existent. Let us have a dairy policy next year designed to give all producers a bit of encouragement and a fair return for their labour in one of the hardest and most demanding professions in existence today.

Mr. Madill: In rising to make a few comments on the supplementary estimates of the Department of Agriculture I should like to deal specifically with the subject of farm improvement loans, farm credit loans and small business loans as they are related to agriculture. It is also my intention to make a few remarks about the marketing and grading of hogs.

First, as to the farm improvement loan legislation: This, with a fixed rate of interest provided, is no longer geared to present interest demands. It is no longer realistic. We are told that these loans are being made—or, sometimes, that the available funds have been exhausted. But today, at the rate of 5 per cent such loans as are made are available only to a few well established businessmen or farmers. Local bank managers are placed in an invidious position. They may recommend a small loan at the rate of 7 or 8 per cent, but the farmers themselves, particularly if they are young farmers, or less well established, often feel they are the object of discrimination. Loans at 5 per cent are limited to a few people who have been preferred borrowers over the years.

Bank managers maintain that farmers have proven themselves to be competent, realistic borrowers and that a lot of the red tape and paperwork demanded by the terms of the Farm Improvement Loans Act is unnecessary. Loans need no longer be underwritten by the government because farmers have proven that they will repay them. It is obvious that since banks are now paying 5 per cent on moneys on deposit it is unrealistic for them to lend money out to farmers at 5 per cent. I would recommend that the act be amended immediately in such a way as to accommodate all the farmers, fruit growers, fur farmers and others who wish to improve their buildings, operations livestock, drainage and so on. They should be able to use the provisions of the Farm Improvement Loans Act instead of resorting to finance houses which are set up to handle short term loans.

Incidentally, having mentioned farm improvements, I should like to point out that battery operated hoists which are now widely used in agriculture for the storage and removal of potatoes, apples and so on are subjected both to import tax and to sales tax—and in almost every case they are imported. In addition to many farm applications, they are used to load logs and lumber, still in the field of agriculture. In the interests of the industry in Canada I strongly urge the government to consider removing the tax in this case.

The second item I should like to mention concerns the Farm Credit Corporation. In my opinion much greater latitude could be exercised when extending credit, depending of course on the type of farm operation under consideration. It is true that dairy farmers are in a special position, but farmers who grow cash crops can certainly engage in other types of work and still operate successful farms. Should they do so, however, they are not eligible for loans under the present legislation. At a time when farmers are facing a growing cost-price squeeze the amount of credit available to them through the Farm Credit Corporation is to be reduced following federal government cut-backs.

The third subject I would mention briefly has to do with loans from the Industrial Development Bank to small businessmen, particularly implement dealers, feed mill operators, greenhouse operators, hatchery owners and others who conduct businesses related directly to farming. On many occasions I have tried to help some of these people get loans from the Industrial Development Bank. The applications have been refused politely but positively. What has happened to the government's stated intention of helping small business?

• (8:10 p.m.)

So far I have mentioned a few of the areas in which legislation could be updated and improvements introduced to help those engaged in agriculture to make a livelihood. At the beginning of my remarks I mentioned hog marketing and grading. I have a number of statistics I should like to put on record. The average weighted price of hogs in 1966 was $35.64. In 1967 the average was $30.40. That is quite a drop, especially when one realizes that the cost of the producer's operation has increased considerably. From January to June 1967 there were 18,568,200 pounds of fresh, frozen or cured pork imported at a cost of $7,063,000. Also in the period from January to June 1967 there were 25,603,163 pounds of pork and pork substitutes imported at a cost of $10,302,000. This does not make sense when our farmers who are raising hogs receive less money for what they produce.

In this connection it is interesting to note a reply written by the Minister of Agriculture to a letter in December, 1967, in which he stated:

It is true that some products, such as hogs, are suffering from a cycle of overproduction and lower

prices. This has resulted from the higher prices for hogs over the past few years which encouraged some producers to increase their production with the result that for the past four or five months we have been marketing more hogs than there is a demand for pork products. Production, however, has been levelling off and it is expected that hog prices should firm up.

I just cannot see the relationship between that reply and the trend to import pork products, with reduced prices to our own farmers.

The other point I wish to take is with respect to the reduction in the premium on grade A hog carcasses from $3 to $2. I have received a resolution passed by the South Simcoe Hog Producers Association expressing very strong opposition to the reduction of the quality premium from $3 to $2. In their letter to me they say:

> We realize that there have to be reductions made in the costs of government operations, but the producers of high quality food feel that they are being unduly discriminated against in this proposed action of reducing the quality premium.

Over the years farmers have been trying to improve the grade of their hogs both from a breeding standpoint and from the standpoint of competing with Denmark. Britain was one of our markets which was very fond of lean pork. It must be remembered that it is much easier to produce a grade B hog than a grade A hog.

I have a letter here from a man in Hastings-Frontenac, which spells out the thoughts of quite a few farmers on this matter. It reads:

> I am just writing a letter to explain my feelings on the government's plan to cut back the premium on grade A hogs from $3 to $2. The reason given for this action is the government's economy measure.
>
> This amount being paid is peanuts to the government, but means a lot to farmers working on a slim margin of profit. I read a column in the Belleville paper last night about the amount of money being spent on an investigation to find out the status of the Canadian woman. This amount was half as much again as the money being spent in all of Canada on the premium of hogs.
>
> In Hastings county last year our production of hogs dropped to 21,000. We were the third highest county in Ontario in the highest percentage of grade A's with 51 per cent. The Ontario average is 44 per cent. A lean pork product is what the consumer is demanding and they want it cheap.
>
> I feel that the Ontario farmer is already paying more than his share to maintain a stable economy, and one thing for sure it is we who are underwriting much of the cost of the government's cheap food policy.
>
> I attended an agriculture college for three years trying to learn how to farm efficiently. I came back home to the farm, expanded by constructing new buildings, and purchasing more land to "stay in business," so the experts told me. Let me say that last year I didn't even make my interest on investment let alone a labour income. I market between 800 to 1,000 hogs annually and obtain about 70 per cent grade A's. If it were not for the premium of $3 at present I could not afford to produce as many A hogs, and last year I bought some of the best breeding stock in Canada.
>
> In other words, I could not stay in business by producing A hogs without it, because I can produce B hogs cheaper and easier. Is this what the consumer wants?
>
> The reduction of premium means between $600 or $700 a year to me, and how many people in Canada are going to get a wage cut by this amount this year?
>
> This premium was introduced to try to give the farmer an incentive to produce A hogs. By looking at grade improvement figures it has done just that. If they lower it again now they will lose all they gained.
>
> Another thing few people realize is that there are about half the number of farmers shipping hogs today as there were 12 years ago. The trend is going to stay this way. Because they are operating bigger, with more investment and better records, they know what it costs to produce A or B pork better than they did a few years ago. Unless they are paid to produce what the consumer demands at the present price structure someone has to pay it, or they won't be getting it.
>
> Just one other point I want to make is—only .8 per cent of the Canadian farmer's income is derived from the public treasury. In the U.S. this figure is close to seven times higher at 5.4 per cent. These figures are from the Hedlin-Menzies report on farm income. Don't you think that the Canadian farmer is already doing enough to fight inflation?

These were the few remarks I wished to make, Mr. Chairman, and I hope the Minister of Agriculture will give some consideration to them in an endeavour to improve agriculture in Canada.

Mr. Fane: Mr. Chairman, it is a long time since we have had an opportunity to speak on the subject of agriculture as much as we have done in the last couple of days. The big reason is that last year when the main estimates were before us there was only time for the minister to make a speech, and then the agricultural estimates were withdrawn. In fact I believe time ran out entirely for discussing estimates. This makes one wonder why it is that the government does not provide opportunities for us to discuss agriculture. Are the members of the government scared of what the farmer members of parliament will say, or are they scared to face the farming element of this country? I think that must be the case, Mr. Chairman, for the simple reason that they know that their agricultural program, if they have one, is not worth a darn in assisting agriculture, notwithstanding the wonderful speech that the

Minister of Agriculture made last night, or I should say the wonderful speech he thought he made. It won't be so wonderful when the farmers read it, because this Liberal government will probably lose the only two or three members it has from agricultural areas when the next election occurs.

I would like to commend the Leader of the Opposition on the most reasonable and factual speech that he made last night. He showed the farming element throughout Canada that he has a full grasp of agricultural problems and that he will be able to represent the farming industry as well as every other industry there is when the time comes. He certainly showed up well on agriculture.

• (8:20 p.m.)

I was a little surprised at the minister making the speech he made because it was just a rerun of the speech he gave us on the main estimates last fall,—exactly the same speech. But of course this government is prone to having reruns of things, so that should not surprise anybody. When he told us in so many words that the farmers had never had it so good, I was reminded of the time 11 years ago—the second time I was a candidate for election to parliament—when the then minister of agriculture, the right hon. gentleman who chose to be known as "Mr. Agriculture" in Canada, visited my constituency. As a matter of fact he arrived there the day after I was nominated as a candidate. I believe I would be generous if I said that he spoke to 300 people for three and a half hours, using three million words, and never said anything except that the farmers never had it so good. I believe that was one reason I was elected as a member of parliament. Therefore, I might suggest to the minister that when he tells the farmers they never had it so good he is probably alienating what little affection they have left for the party which he hopes to lead next month. May I say that if he realizes his ambition, which may be a vain one, I hope he will do something more to help the farmers when he holds the top position than he has done as Minister of Agriculture.

My hon. friend from Provencher the other day said that the farmers do not wonder what the minister has done for them. They just wonder what this government has done to them. They know very well of course. The minister's speech also reminded me of the small boy who runs through a cemetery at midnight and hollers as loud as he can in order to have the courage to do it. I wonder whether the minister really realizes what the situation in the farm industry in Canada is. His speech certainly did not give the true picture, because the farmers of this country are not as well off as he would have everybody believe. As I said, when the news of his speech goes out through the country the farmers will have a big laugh about how well off they are.

It seems strange that the minister appears to be the only person interested in farming who does not know what the situation is. Perhaps he just will not believe the truth. There's none so blind as him who will not see. I find it difficult to believe that the information the minister receives from his high priced and well educated advisers could be so incorrect. Surely the members of his staff are aware of what is going on. Surely the minister himself must be aware of what is going on, especially when he sees 23,000 farmers from the provinces of Ontario and Quebec come down here, as they did last summer, to complain about the situation. Delegations representing the dairy farmers, the farm unions, the National Farm Union and the Federation of Agriculture have also come to Ottawa. In any event the minister has many people facing him in this house who can tell him what it is all about. We do not speak merely for the sake of speaking, and surely he might listen to some of us.

I realize the minister does not have very much farm support behind him, but surely the members of his party who do represent farming areas could tell him in caucus or in his office what the facts really are. There is no doubt that he hears straight talk on the matter of agriculture from members of all the opposition parties. The trouble is that the members of the government do not realize that they do not have an agricultural policy, and that what little dribs and drabs they are attempting to get by with simply are not adequate in providing the necessary help to the farming element of this country.

Very often in the house we hear about wheat. Ever since I came to Ottawa 10 years ago, wheat has appeared to be the main subject discussed by the western members. At the present time the price of wheat is down 22 cents a bushel. I believe this is a direct result of the action of the Minister of Trade and Commerce in allowing the international wheat agreement to lapse for about a year. This has had a drastic effect on the primary industry of this country.

[Mr. Fane.]

Even though there are other industries which at times provide more wealth to the country I can assure you that they are not as important to the welfare of Canada as the agricultural industry, for the simple reason that if we did not have an agricultural industry we would not have food for our table. That is the situation. The price of wheat is down this year because the government relaxed its efforts in the selling of our grain. Everywhere out west there are low quotas. Some farmers may be able to deliver four or five bushels of grain per cultivated acre, but that is all. The final payments have been delayed and this year they probably will be lower than usual.

Ever since this government came into power the farmers have not been receiving their interim payments, and his has had a severe effect on the economic welfare of the farming industry. Not once in the last five years when this government has been running things have the farmers had an interim payment of ten cents per bushel.

• (8:30 p.m.)

The price of cattle is down. The price of hogs is down. The premium on first grade hogs has been removed, except for $1 per hundredweight, and the premium on first grade lambs has been removed. The premium on cheese has been removed. By the removal of these premiums on top quality produce the government has penalized those farmers who produced top quality. As a result it does not matter now whether or not the farmer raises first or second class products. They receive no premium for producing first grade.

Hon. members just heard my colleague, the hon. member for Wetaskiwin, speak about the appalling situation in dairy production. The government makes a new dairy policy every year, and none of them has been worth a hoot. Dairy farmers are becoming so unhappy about the situation they are leaving the industry. Approximately half of our large dairies are either out of existence, or on the way out. These farmers are selling their cows. Perhaps it will not be too many years before we will all be drinking synthetic milk and eating synthetic beefsteak. I do not know where we will find a substitute for the products made from wheat.

The egg situation in this country is particularly bad. The other day I received a letter, one of many about this situation. This constituent sent 75 dozen eggs to the city of Edmonton for which she received $10.75. Of those dozen, 43 dozen were grade A large for which she received 20 cents per dozen. She wondered why the price of eggs to the producer is so frightfully low. I made a few inquiries and found that during the first 11 months of last year we imported 11,059,558 dozen eggs from the United States at a cost of $6,526,000. We imported 264,184 pounds of dried whole yolk and albumen at a cost of $294,000. We also imported dry whole yolk and albumen n.e.s. to the extent of 1,821,560 pounds at a cost of $187,000. These figures are taken from Dominion Bureau of Statistics reports. I have here a poultry marketing report issued on March 1, 1968 by the Canadian Department of Agriculture which indicates that to date this year Canada has imported from the United States 3,260 cases of eggs, each containing 30 dozen. No wonder the price of eggs to the primary producer is so low. We also imported 23,000 pounds of frozen eggs from the United States.

People also wonder why turkeys and chickens bring so little to the producer. This year Canada has already imported 1,359,386 pounds of poultry. Already this year the department has carried out inspections on a total of 489,464 poultry carcasses of various kinds. No wonder the primary producer of poultry receives so little for his produce. The farmers in central Canada, that is Ontario, Quebec and the maritimes are not faced with the difficulty of selling wheat, but they do have difficulties in the marketing of cattle, hogs, lambs, eggs, cheese and dairy products. They are suffering just as much as the western farmers.

Farmers are finding it very difficult to obtain loans under the Farm Improvement Loans Act because banks do not wish to lend money at the approved interest rate of 5 per cent. In light of the situation today farmers cannot afford to pay that interest rate, let alone a higher one. Farmers are also finding difficulty because of the 11 per cent sales tax on building materials. This is having a serious effect on the construction of granaries and other buildings. Machinery prices are increasing each year, and we are beginning to wonder what the government is going to do with the recommendations following the inquiry into farm machine prices. Probably this inquiry will end up just like other inquiries and royal commissions.

The high cost of farm machinery is very serious. A self-propelled combine capable of handling a large crop costs in the neighbourhood of $15,000, or even more if it has a cab.

It appears that the price of machinery will continue to increase to the extent that the traffic will bear. Farmers in some areas have boycotted the buying of machinery and the implement companies have really found out the problem they face if they are not able to sell their machinery.

• (8:40 p.m.)

The minister told us how very wonderful it is that in 1966 the farmers of Canada borrowed $234 million from the Farm Credit Corporation. This may sound to the minister like very good business, but I would point out that when farmers are in debt to this extent it is very, very difficult for them to repay loans. Every time a farmer borrows money in this way he has to repay the loan and the interest thereon. Thanks to the western members in the house in particular, and to the Conservative members in general, the interest was kept as low as possible on these loans.

I ask the minister whether he or anybody else in the house thinks that anybody is able to borrow himself rich. I cannot see it, myself. I was in debt for a great many years on the farm and know how difficult it is to meet even small payments, especially when a Liberal government is in power in Ottawa. That really makes a difference.

The reduction in the assistance provided under the Prairie Farm Rehabilitation Act is no help to western farmers in providing dugouts and water supplies for the summer. In the part of the country from which I come people know that prairie farm assistance act is nearly over because in the last five years the trouble with it has been appalling. I am not laying all this trouble at the minister's feet, but he and I know where some of the trouble occurs. I can assure hon. members that it is not all the fault of the farmers or the act.

ARDA is a very wonderful idea that was brought into being by the minister of agriculture of the Conservative government, the hon. member for Qu'Appelle. The extension of ARDA has proved to be a very wonderful thing in some cases. I know that the program is now handled through the provincial departments of agriculture. There is one ARDA project in my constituency which anybody can be very proud of. I refer to the project on the Saddle Lake Indian reserve where 15,000 acres of wonderful land is about to be broken up and put into cultivation for the benefit of the people who live on the reserve. This project will prove to be of great assistance to these people in finding their feet. Therefore I commend the idea of ARDA. I know this project will prove of very great help to the Indian population of some 2,000 on this reserve.

My time appears to be up, Mr. Chairman. I do not know if I have been able to tie in my remarks with vote 5c, which reads as follows:

Administration, operation and maintenance—to extend the purposes of vote 5 of the main estimates for 1967-68 to include a contribution of $10,000 to the town of Kapuskasing towards the construction of a road.

One dollar is provided for this vote. As I say, Mr. Chairman, I do not know how well I have related what I have had to say to that vote. Anyway I have said what I think should be said in this regard and hope I have been talking to the subject under consideration by the committee.

Mr. Alkenbrack: Mr. Chairman, there is one line in one of the verses of our national anthem "O Canada" which refers to our country as a "fair land of hope for all who toil". I ask the question: Who among us toils harder than the farmer? But under this government he toils without hope.

I shall be brief this evening in order to give the Minister of Agriculture the opportunity to attack the remarks made by the hon. member for Burnaby-Coquitlam, for to be consistent he must attack the leader of the New Democratic party as he attacked my leader, the leader of the official opposition, last night. The content of the comic opera attack by the Minister of Agriculture last night on the splendid speech and sound economics put forward by my leader could have been put to better use by the minister next spring on the flowerbeds of Arnprior.

Because of the importance of agriculture in the economy of my constituency, and indeed because of its importance to our whole country, I join the debate on these estimates at this time. As milk production is of great importance in our area, I now wish to touch upon that subject. I wish to protest the marked reduction of federal agricultural grants as they affect our dairy industry, and particularly the intended removal of the premiums on high scoring cheese by this government next April 1.

I wish to point out to the government that the cheese premiums were instituted as early as 1939 to encourage farmers to produce high quality milk, which in turn would improve over-all cheese quality. Payments have been

made on the basis of 2 cents per pound for cheese scoring 94 or better, and 1 cent for cheese scoring 93. I also wish to point out to the minister the splendid value and results that have been realized throughout the years from this assistance.

I note that when the program was begun 48 per cent of all cheese was eligible for premium. In 1966, there was 71 per cent eligible. One can see what an improvement this program has made in the quality of our cheese. Because of its importance to our local economy and our export balance of payments with Britain and other countries, where there is a great appetite and demand for our Cheddar, I say to the minister: Do not abandon this assistance to the Canadian cheese producers.

Some time ago this government was threatening to abandon the small milk producer as well. I am proud to have been one of those who spoke up on behalf of all those milk producers who produce 50,000 pounds or less of milk per year. Last November 30 I brought this matter to the attention of the house and the minister, and I now note that the subsidy will be applied to those producing 12,000 pounds of milk per year instead of only to those producing 50,000 pounds. I have no quarrel with the figure that has been arrived at, because the man who produces less than 12,000 pounds might better be in some other business.

• (8:50 p.m.)

It is conceded that the future trend must be to larger production per unit, and in the next five years vast changes will take place. I am informed that in 1966, out of a total of about 190,500 farmers, 48,704 were producing more than 100,000 pounds of milk annually, and that it is estimated that in five years the number of producers in this category will rise to between 80,000 and 90,000.

One can readily see that this will vastly increase our dairy production, and I hope it will put this country into a position where we can help feed more of the millions of hungry mouths in this world. In the meantime, as we have contended, you cannot and you must not annihilate the small milk producers at one fell swoop of government legislation, for most of them have reached the age at which they do not wish, nor is it advisable for them, to expand their operations. They own their small holdings. They have six or eight, and sometimes ten, cows which produce several calves each year, and they have the summer grass for such an operation. I submit that these people are certainly an asset to any community and to any country. I am proud to have been one of those who helped convince the government not to do such a callous thing as to cut these people off from their livelihood.

I have mentioned the importance of the dairy industry to our country, and in particular to the countries of Prince Edward and Lennox. From a national standpoint, one of the most valuable organizations connected with the dairy industry for many years has been the Canadian Holstein-Friesian Association. For many years this organization has contributed to the propagation of that great breed of dairy cattle and to the upgrading and improvement of Holstein cattle and also of our whole dairy industry, because I believe this breed of cattle composes the majority of the milk producing cattle in our country.

The county of Lennox is signally honoured in this year of 1968 by the election of Mr. Harold McCaul of R.R.5, Napanee, Ontario, as president of the Canadian Holstein-Friesian Association. Mr. McCaul has given years of valuable service to the association which he now heads, and to the dairy industry, as well as to Canada as a whole. I congratulate him on behalf on my constituency and I thank him for the honour that he has brought to Lennox and Addington counties and to his native township of Richmond.

I am sure the minister will agree with me as to the importance of the maintenance of high standards in our various breeds of dairy cattle. Others taking part in this debate will no doubt touch on the importance of grants to fairs and exhibitions of livestock. May I at this time quote from an article which appeared in the *Western Producer* of February 22, 1968 and which is headed "Decline Noted in Holstein Show Herds." The first paragraph reads as follows:

> The decline in numbers of both exhibitors and animals at shows is causing the extension service committee of the Canadian Holstein-Friesian Association real concern, said Curtis Clark of Carstairs, Alberta, in a report to the annual meeting of the Holstein association at Toronto, February 14.
>
> "Nothing can quite replace the show ring in providing an opportunity for the individual breeder to compare his cattle with the best others have to offer, nor in acting as a show window for the breed.

I am sure the minister will agree with me that the activities of this particular association and of all purebred cattle associations are certainly of great value to us nationally. I point out that it is a great balance of trade factor because the high grade purebred Holsteins produced in our country are in great

demand throughout the western hemisphere, including Europe. Holstein cattle exported from Canada in 1966 brought us $15 million, and the figure may be even higher in 1967. The figures have not yet been completed for 1967, but in that year, 10,000 head of cattle was exported to countries other than the United States; 7,630 head to the United States; and 4,400 to Spain. One bull exported to Cuba brought $100,000 in that year. Another bull exported to Japan brought $75,000, and a third one exported to the United States brought $140,000. I should like to point out to the minister that to a large degree the new regulations regarding federal show classifications are hampering the incentive of the Holstein-Friesian Association members to show their herds. Only about 25 per cent of the Holstein herds are on the record of performance testing. The federal government is not providing the money which would be necessary for a full program. As long as the present system is maintained, conditions will not improve. The government should consult our purebred cattle associations more than they do now. I am sure the minister will respond by a change in policy which will assist our purebred cattle associations and which will also be in our national interests. May I remind him again of the balance of trade to which this one organization has contributed so greatly.

In summing up the last point, may I say that the government should make every effort, through better incentive grants to fairs and exhibitions, to halt the decline in our exhibitions of dairy cattle.

I listened with interest to this debate, and I congratulate the members of the opposition who pointed out the lack of interest in and frequently the utter disregard of this government for Canadian agriculture. Why should the government be so stupid as to fail to recognize an asset when they have one? Whoever heard of a farmer asking for relief or handouts, no matter how tough conditions become for him at home? Although the percentage of people on the land is steadily diminishing and farmers now are in a minority among our blocks of occupational population, they are still key men in this country and agriculture continues to be our most important primary industry.

On Thursday of last week I took part in the debate on Bill No. C-197 to amend the Unemployment Insurance Act. As recorded at page 7137 of *Hansard*, I pointed out that the abandonment of agriculture in general by this government is one of the prime causes of the sudden creation of more unemployment in this country. This is a most pernicious situation. Unemployment in this country is now at its highest level in recent years, and it will get worse as this government continues to lose interest in agriculture and withhold assistance to it.

There are a good many secondary industries which depend on agricultural production in our country. I speak now of the canning industry which is of great importance in my riding. Prince Edward county in particular is the home of the Canadian canning industry and the home of the first vegetable canning factory in Canada operated years ago at Demorestville in Prince Edward county.

What is happening this year in the canning industry? The cause of our trouble in the tomato and canning industry lies in the unfair competition of the largely subsidized industries of foreign nations. Italy, for example, provides a subsidy amounting to 18 per cent to its tomato industry. How much do we subsidize our tomato growers? We do not subsidize them at all. I think it is time that this government smartened up, and that we as Canadians smartened up and did something to combat this unfair competition. We have a far better product than any grown in Italy or any other country. Our field grown tomatoes are second to none in the world.

• (9:00 p.m.)

I now wish to put on the record an article which substantiates my statements. This article under the heading "Cheap foreign food products hit farmers", appeared in the Picton *Gazette* for Wednesday, January 31, 1968, and I should like to quote it:

> Competition from cheap food products from foreign countries will hit farmers, including local ones, this year, as well as canners.
>
> At the annual meeting of local 213, Prince Edward Farmers Union at Cherry Valley hall Monday night, J. F. Hepburn, manager of Waupoos Canning and president of the Ontario Food Processors Association, outlined the problem caused by foreign competition in the food processing products area. Such products, he said, are imported into Canada tariff free and with substantial export subsidies, direct or hidden, from the country of origin.
>
> "It is almost essential that we (the canning industry) make a reduction in tomato acreage of 30 to 35 per cent for the 1968 pack."
>
> Mr. Hepburn cited fixed domestic market consumption figures to show that the reason is directly because of the increasing quantity of whole pack tomatoes being imported from such countries as Italy, Spain, South Africa, Portugal and other foreign countries. Bulgaria alone has tripled its

exports on whole pack tomatoes over the past three years, through export subsidies and lack of tariffs in Canada.

Questioned from the floor after his speech by Harry Evans, on what happens to the average 20 per cent reduced price on imported tomatoes, Mr. Hepburn did not say other than that a can of tomatoes from any of the foreign countries mentioned costs as much on a store shelf as a can of domestic tomatoes.

"Tomatoes" said Mr. Hepburn, "is the most valuable single cash crop in Ontario."

Similarly, fruit processing in the Niagara peninsula is in trouble. Australia alone has taken 30 to 40 per cent of the domestic market in tender fruits and forced a comparable cut-back of one-third of the domestic industry's original capacity of seven years ago.

While Australia has a vast export assistance program, it also has a 22 per cent tariff for incoming food goods, yet their products are allowed into Canada duty free, he charged.

Similarly with United States food products... there are tariffs for Canadian products entering the U.S., but no tariffs for U.S. products entering Canada—

Italy already has tariffs of 18 per cent on all whole pack tomatoes exported, 15 per cent on tomato paste and 16 per cent on tomato juice. "Within the past 48 hours France has announced it will match any tariff set by Italy," he told the meeting.

Ontario tomato canners, he said, are forced by law to pay the highest prices for their raw product of any country. Wage costs are also the highest.

"We can now compete with the United States tomato products from California and our western Canada markets have opened up again, but we cannot compete with unfair competition from low wages and costs of foreign countries."

I continue quoting from the article:

These two joined with the farmers union executive to jointly pass and sign a resolution to support any future brief to the federal government by the O.F.P.A.

The wording of the resolution was as follows:

"Whereas the president of the Ontario Food Processers Association, the president of the Prince Edward County Canning Crop Growers Association, the president of the Prince Edward Federation of Agriculture and the president, executive and members of the Prince Edward Farmers Union, having met together and discussed the problems of the O.F.P.A. and primary producers with regard to unfair competition from offshore countries exporting under direct and indirect subsidization, we urgently request immediate action to contravene the above mentioned subsidization."

This is a resolution from Prince Edward county, one of Canada's important canning-crop counties, and I ask the government to take heed.

In so far as the Kennedy round of trade tariffs are concerned, I must say that our representatives who attended in Geneva, Switzerland, must have been looking at the mountains and the scenery when this aspect of tariff problems was being discussed. The situation as it now exists will put our canners and growers out of business, so it must be fought tooth and nail. I respectfully ask the Minister of Agriculture and the Minister of Trade and Commerce as well, to help us in this regard. The tomato growers of Canada do not ask, do not demand, a business environment amounting to hothouse protection from the cold blasts of competition. I appeal to the government and its tariff officials only for fair treatment. These people are appalled at the neglect and ineptitude displayed in this latest international tariff deal which abandons them to certain annihilation unless the government faces up to its immediate responsibilities. Those responsibilities are to see that our agriculture, indeed our whole national economy, is such that Canadians can truly refer to this country as a fair land of hope for all who toil.

Mr. Greene: Mr. Chairman, I think I should try to answer a few of the many queries that have come up during the course of this debate. It is going to be rather difficult to answer them all, as there have been many speeches. Many of the speeches have been constructive and many, of course, have been of a purely political nature. To those who made constructive speeches, I may say that I am sure they had the best interests of the agricultural community at heart and for their contributions I am certainly grateful. With respect to the speeches having a political connotation, I am rather taken aback by the many speakers from the official opposition who have complained about my address last evening wherein I tried to straighten out the statistical background on which current agriculture policy should be based. I pointed out that there have been improvements in both gross and net agricultural income. Hon. members opposite took this as a political speech, I understand. I point out that the Leader of the Opposition, whom I am pleased to see back with us again, started his speech on the premise that the Conservatives got 60 per cent of the farm vote in the last election and were going to get even more in the next one.

Some hon. Members: Hear, hear.

Mr. Greene: Those were the non-political words with which the Leader of the Opposition started his address. However, when I replied by citing some statistics to indicate the picture of agriculture today, apparently

hon. members in the official opposition thought I was making a political speech. I do not quite understand why the allegations of the Leader of the Opposition were not political in the opinion of members of the opposition, but apparently they were not. If the statistics on which he based his conclusion as to the percentage of the agricultural vote he is going to get in the next election are no better than the statistics on which he based the context of his speech, then he had better revise them because they are not very sound. There was a time when there was an hon. member in this house who, I understand, used to commune with the spirits before he made an important decision. I understand that the Leader of the Opposition communes, not with any spirits in any outer world but with the spirits down on Bay street, before he makes any decision.

Some hon. Members: Oh, oh.

Mr. Greene: If he received those statistics on which he based his agricultural conclusions from that source, I suggest he had better get a new medium or it may be that his entire prognostication, political as well as agricultural, will be in error.

I point out, too, that the hon. member for Digby-Annapolis-Kings made some allusion to political speeches. He referred also on several occasions, not so much to the situation as it existed in Canada, but the situation which existed in the province of Nova Scotia. I am not sure whether the hon. member for Digby-Annapolis-Kings took exception to the fact that gross and net incomes of farmers had gone up all across Canada. I noticed that most of the political speeches came from members of the official opposition, and I take it that this was a rather concerted and planned political effort on their part. They referred to the Minister of Agriculture having stated that the farmers had never had it so good. This, I presume, is supposed to be a very crafty and Machiavellian political technique on their part, to describe this government and this minister.

• (9:10 p.m.)

Let me point out, Mr. Chairman, that I think I have made as many addresses as anybody dealing with the plight of the farmers and the contribution that they have made to the economy of this country. However, not too many of the speeches of hon. members opposite told both sides of the story. They have not been telling the consumers of Canada that they never had such a good deal, and that they should be prepared to pay more for their food in order that the farmers of Canada could get a better living.

I have often said, Mr. Chairman, and I shall continue to say, that no sector of the economy of this country makes a greater contribution than the agricultural sector does to the total well-being of Canadian citizens. No sector of the Canadian economy has had more difficult problems in an era of transition. However, I do try to make my decisions and to reach my conclusions on a factual basis, not on political premises to the effect that "Things were grand when we were in", or "Oh my, weren't they fine when we were in office?" despite the fact that all the statistics and data show that the most difficult days that agriculture ever faced in this country were during the period that the Conservative party was in office.

Hon. gentlemen opposite may have been quite successful in the past in selling the story to the western farmer that they were his friend—though they did very little for the western farmer when they were in office, as the statistics indicate—but they have not fooled the eastern farmer. The eastern farmer knows that at no time did they ever do anything on his behalf, and again the statistics very clearly indicate this to be the case.

To return to the comments of the hon. member for Digby-Annapolis-Kings, who apparently made a "non-political" political speech, the hon. member alleged that conditions in Nova Scotia were very, very bad and that the income of all farmers in that province had gone down by 30 per cent. I had particularly avoided speaking about any particular province, especially the province of Nova Scotia—and this despite the political speech of the Leader of the Opposition —because in view of the circumstance that the hon. gentleman who is now in this house as Leader of the Opposition, had previously been premier of the great province of Nova Scotia, I thought it would be unfair to point to the unfortunate conditions prevailing in that province, particularly in the realm of agriculture, and I refrained from so doing.

However, Mr. Chairman, the hon. member for Digby-Annapolis-Kings was very careful to point out in great detail how very sad was the state of the agricultural industry in the province in which his present leader had been premier for many years.

Mr. Nowlan: Would the minister permit a question?

Mr. Greene: I have the floor.

Mr. Nowlan: It is not a question as much as it is a point of privilege.

The Chairman: Order, please.

Mr. Nowlan: Mr. Chairman, I am interrupting the minister, since he did not accept a question, to stand on a point of privilege. When the minister continues his remarks I hope he will refer to the full content of my speech, because I made reference to New Brunswick, Prince Edward Island and eastern Quebec as well.

Mr. Greene: Mr. Chairman, the hon. member for Digby-Annapolis-Kings might be a little worried, now that his leader is in the chamber, about what kind of spot he has put him in. However, in this house we make policies and programs for the whole of the country, not just one particular province.

Mr. Crouse: It is not as bad a spot as you put your leader in on February 19.

Mr. Greene: Mr. Chairman, whenever hon. members opposite do not have a good argument, they have louder voices than anybody else. If volume were good policy they would still have been in office. There is no question of that, because volume they have.

Mr. Flemming: We will be.

Mr. Greene: Mr. Chairman, if we can get back to the debate for a moment, the hon. member for Digby-Annapolis-Kings complained that the income of farmers in the province of Nova Scotia had decreased 30 per cent during the past years. The gross income of farmers in Canada from 1962 to 1966 actually increased from $3.1 billion to $4.2 billion. This represents an increase of $1.1 billion.

Many hon. members opposite have asked to have income defined in terms of net income rather than gross income, so I should now like to put on record the net income of farmers across Canada as a whole. In 1962 the net income of Canadian farmers was $1,492 million. In 1963 it was $1,495 million, in 1964 $1,281 million, in 1965 $1,565 million, and in 1966 $1,978 million. These figures represent net income after expenses. As I said last night, Mr. Chairman, these figures, which were compiled by the Dominion Bureau of Statistics, clearly indicate that in the last three years the net income of farmers in Canada as a whole has increased by some 33⅓ per cent.

In view of this increase, Mr. Chairman, if the income of farmers in the province of Nova Scotia has decreased by 30 per cent, as the hon. member for Digby-Annapolis-Kings alleges, I suggest he had better complain to the provincial government, as apparently things are much worse in Nova Scotia than in other parts of the country. Since his present leader was premier of that province during this period, he may be able to make his complaint to the Leader of the Opposition.

Mr. Starr: I wonder whether the minister would permit a question based on what he has just said?

Mr. Greene: Mr. Chairman, I think I would prefer to finish my remarks. Many questions have yet to be answered.

Mr. Starr: The question is a very simple one and pertains to the statistics the minister has just put on the record. I wonder whether he would give way and answer a question?

The Chairman: Order.

Mr. Greene: The hon. member for Digby-Annapolis-Kings also complained that farms in Nova Scotia are far smaller than in other parts of Canada. I think he said they averaged in size only 40 acres. The average size of a farm in Canada as a whole in 1961 was 359 acres. By 1966 it had risen to 404 acres.

So again, Mr. Chairman, apparently the situation in Nova Scotia is far worse than it is elsewhere. I am sure all of us sympathize very much with the farmers of Nova Scotia in this connection. If the hon. member for Digby-Annapolis-Kings is as concerned as he pretends to be in this chamber, then I am sure he will take up the specific and special problems that exist in that province with the provincial government of Nova Scotia. My only regret is that during his leader's term of office agricultural solutions were apparently not so easy to find as Nova Scotians who come to the federal house appear to think.

• (9:20 p.m.)

Again, the hon. member for Digby-Annapolis-Kings suggested there should be greater contribution of capital grants to agriculture in the provinces. I know this is one of the requests which the provincial Federation of Agriculture has made, I believe to the provincial governments, although I have also met some of them in this regard when they attended here to meet me, or when I met some of them in their own province. Capital

grants are of course, available under ARDA or FRED programs, and I would take it, although I am no expert, under the Atlantic Development Board. I suggest to the hon. member that the initiative for such programs must come from the provinces and to the best of my knowledge no provincial initiative has been taken and brought here under the aegis of ARDA, FRED or any other joint cost sharing program which is subject to provincial initiative.

The hon. member suggested that programs similar to those put into operation in the deep south of the United States might be applicable here. I doubt very much whether the situation in the maritimes could be compared to that in the deep south many years ago. I certainly would not be one to compare the able and competent farmers of the maritime provinces with the rural poor of the deep south. I think there are grave problems to be faced, but with all respect to those good people in the United States I do not think the farmers of Nova Scotia are to be compared with the poor whites of the deep south.

I do believe, however, there could be programs of improvement, and certainly if the provincial authorities in their wisdom see fit to bring forward programs under ARDA, FRED or the Atlantic Development Board I am sure the proper authorities here would consider them very seriously indeed.

The hon. member for Moose Mountain, who also made a "non-political" political speech, was concerned about an extremely important subject—the question of the world wheat agreement. He belaboured the government and the ministers concerned for permitting the world wheat agreement to lapse, as he described it, and leave the western farmer defenceless in the absence of such an agreement. Let me point this out, Mr. Chairman. Since many hon. members on the other side have voiced the same opinion I take it from their words that they would not have permitted the world wheat agreement to lapse, had they been in office. Therefore I am bound to take it that their policy would have been the continuation of the world wheat agreement. Under that agreement, as I understand it, the price ranged between a minimum of $1.75½ and a maximum of $2.18 for No. 1 northern. Our government permitted the agreement to lapse in order to achieve a price range of between $1.95 and $2.38½. We believed the western farmer was not getting enough for his wheat. I take it that hon. members opposite believed a $1.75½ minimum was plenty for western farmers and that a $2.18 maximum was enough, also.

They have stated time and again that this is their view. They would have continued the world wheat agreement as it existed. Speaker after speaker has told us so. If this is not their view, if they would have abrogated the agreement as we did, let them get up and say so. Speaker after speaker has told us they disagreed with the abrogation of the world wheat agreement in order to achieve these new and higher price levels—an improvement of 20½ cents which was achieved as a result of the Kennedy round. I take it that hon. members opposite, including the hon. member for Moose Mountain disapproved of this price increase which has been achieved.

An hon. Member: The price has dropped 22 cents.

Mr. Greene: These minima and maxima which we achieved in the Kennedy round and which we are striving to implement in a new world agreement at a higher price range, instead of the lower price range with which hon. gentlemen opposite were apparently satisfied—

An hon. Member: We shall be here for days, now.

Mr. Greene: This is the reason the agreement was abrogated and if the debate is to hinge on whether or not the western farmers should be receiving prices between $1.75½ and $2.18 rather than new prices under a new agreement, we shall be pleased to hear what hon. members opposite have to say.

Several other points were made by various hon. members. The hon. member for Wetaskiwin dealt with dairy policy, which perhaps I might touch on for a minute. I noted he was not too anxious to talk about prices because he knows as well as I do that when we assumed office the average price for industrial milk under the very successful policies to which he referred was $2.62 a hundredweight for 3.5 milk, whereas today, a little less than five years later, it is $4.64.

Some hon. Members: Hear, hear.

Mr. Greene: I do not claim for a minute that in this area, as in so many others, the end has been achieved, despite the campaign by hon. members opposite who are apparently spreading the word that the Liberals are saying the farmers never had it so good.

The difference between what we are saying and what they are attempting to say is this: We recognize that the farmers have very grave problems and that we have to move ahead as rapidly as possible, as rapidly as the economy can afford, toward making the lot of the farmers in economic terms a better one. But we base our decisions on facts, instead of playing politics with the unfortunate economic lot of the farmer.

Some hon. Members: Oh, oh.

Mr. Greene: The facts speak for themselves very clearly from the standpoint of net income, from the standpoint of gross income, from the standpoint of the size of farms, the number of economically viable units capable of providing a good income, from the standpoint of the income made possible by the dairy policy. In all these areas very considerable improvements have been achieved, improvements moving ahead at a far faster pace than any which took place between 1957 and 1963. Certainly there is a long way to go and a great deal to be done, and if hon. members opposite are concerned with this problem of getting ahead with improvements at a faster pace, they will be more concerned with the ways of tomorrow as they affect the farmer than with playing politics on the basis of their so-called great accomplishments, as compared with our accomplishments.

The real problems facing agriculture are difficult enough. The hon. member for Burnaby-Coquitlam premised his remarks along these lines and some of the comments he made were perfectly valid.

• (9:30 p.m.)

There is a great deal to be done, and while improvements have been made, many more should be made if the farmer is to achieve the economic well-being that has been achieved in large measure in other sectors of our economy.

Again, with respect to the dairy policy, the hon. member for Wetaskiwin complained about quotas. This comes under the aegis of the Canadian Dairy Commission, and quite properly so. We are very pleased with the progress being made by that commission, and I am very happy to have the opportunity of answering for the commission in the house. First of all I would say that we, and I think all hon. members generally, would like the commission to have the greatest possible independence in formulating their policies, with the funds made available to them, for the purpose of rationalizing the dairy industry. This is no easy chore.

If hon. members are interested in what the purpose of the quotas is, it is to the end of ultimately rationalizing the industry, to see to it that persons in the dairy industry have units of a size which will produce an adequate income. This year the original plan was to have a minimum quota starting with some 50,000 pounds, which is the production as I understood it of approximately eight to 12 average cows. When the commission came closer to the time of setting the quotas for the current year it was found that this would be too rapid a pace of progress. It is as simple as that. This would create an economic hardship in human terms to too many people. So the commission in its wisdom decided to reduce the minimum eligibility to some 12,000 pounds, being the production of about two cows. It would not seem that this would be too rapid a rate of progress.

Ultimately if the industry is to be in good shape, if the people who are attempting to make a livelihood in the dairy industry are to have the kind of living we would like them to have, they are going to need far bigger units than two cows if they are to be full time dairy farmers. The question of course is the rate of change, the pace at which we can make these improvements without in human terms creating too great a difficulty or problem for the people involved in the process of change.

I quite agree with the hon. member that the quota system will not achieve perfection in five minutes, one year or two years. I believe the commission is doing an outstanding job and I would point out that the question of quotas, the question of policy has been discussed at great length over many meetings with the Dairy Farmers of Canada, with l'Union Catholique de Cultivateurs de Quebec, and with the various farm organizations that are concerned in improving the lot of the dairy farmer; and to the greatest possible degree, consonant with the funds available and consonant with the over-all governmental policy of putting the dairy industry in economic shape within a reasonable length of time, the suggestions and the directions of those farm organizations have been heeded in formulating the quota policy and will be heeded in formulating this year's dairy policy.

The hon. member for Bruce made a considerable address which was a very comprehensive review of speeches I have made, for

which I thank him very much because at this time it is certainly much appreciated to have a review of that nature in this chamber. I do not believe he was in attendance at the meetings where those speeches were delivered and it may be a good deal was said that was not in the printed text, and also a good deal was left out which was in the printed text. But I make no apologies. I gather he indicts me as the minister for speaking to the agricultural community of Canada about matters other than agriculture. Well, I think I talk to them about agriculture problems quite often, and I make no apology for discussing with the agricultural leaders of Canada problems such as national unity, problems affecting the entire prospect of the Canadian economy, apart from agriculture, because it has been my experience that the farm leaders of this country are also among the foremost citizens of the country generally. They are interested in what is going on in this country.

I think it would be rather an insult to their intelligence, to their capabilities, to their desire to make this a worth-while country in all its parts, aside from the agricultural sector, if I said to them, "I will never talk to you about anything but agricultural matters because apparently that is all you are concerned with." This is not the case. But again the hon. member for Bruce apparently felt this was in some way belittling or insulting to the farm leaders of Canada. I do not believe it to be so.

The hon. member for Assiniboia, who also made a wide ranging address on farm problems, also said that the minister said that the farmers "never had it so good," which again I reiterate I have never at any time said, nor have any of my colleagues. We have said improvements have been made. The net income position is improving. There is still a long way to go and a great deal to do. That is all any of us has ever said.

The hon. member also alleged that there were mountains of wheat in storage in 1956 and 1957 prior to the time when the Conservatives came into office. Again I think we should at all times try to keep the record straight. Hon. members opposite feel it is politics if we keep the record straight, but if that is politics I think it is the best kind of politics, possibly a little better politics than statements which are not according to fact. The hon. member complained that apparently during Liberal times there is great carryover of wheat, and I gather it is his conclusion that during Tory times there is not much wheat in storage because it is sold. The facts are as follows:

In 1957 there were 734 million bushels of wheat in storage, in 1958 there were 648 million bushels, in 1959 there were 588 million bushels, in 1960 there were 600 million bushels and in 1961 there were 608 million bushels. In 1962 there were 391 million bushels in storage, in 1963 there were 487 million bushels, in 1964 there were 459 million bushels, in 1965 there were 513 million bushels, in 1966 there were 420 million bushels and in 1967, estimated to this time, 577 million bushels, which I admit is our worst year but it is still better than 1957, 1958, 1959, 1960 and 1961.

Some hon. Members: Hear, hear.

Mr. Greene: If those facts are politics, as hon. gentlemen opposite would allege, then I can only apologize for putting the facts on the record because I quite agree we should not be playing politics with the very grievous position in which the farmer finds himself.

• (9:40 p.m.)

The hon. member for Assiniboia referred to the Kennedy round, as did other speakers, and stated that in the Kennedy round the Canadian negotiators locked the door of the building—I think this is the way he put it—and gave everything away at Geneva. Again may I say that I think this is very unfair criticism of the Canadian officials who carried on the negotiations. The ministers attended at the conclusion of the Kennedy round and claimed very little credit for the great success the Canadian negotiators had. They did a magnificent job in the interests of Canada, and therefore I believe it is very unfair to allege that in some way they let the country down. As has been indicated previously, the main question at the Kennedy round which affected agriculture was the range of wheat prices, which under the world wheat agreement were in the range of $1.75½ to $2.18. By reason of the great success of the Kennedy round the far higher price range of $1.95½ to $2.38½ was achieved by our negotiators. Needless to say it was not easy to achieve this because the buyer countries were far more numerous than the seller countries, and they were not in favour of a 20 cent price-range increase.

I trust hon. members opposite are in favour of a price increase, although their objections would not seem to indicate this. Apparently they believe the Kennedy round was a mistake and that we should have kept the old

agreement. I believe that the price range our negotiators achieved was a very great success. I believe they are to be commended rather than denigrated for their performance. It is hoped and believed that their great success will be embodied in the world wheat agreement, which again will very much improve the position of the wheat farmer.

Mr. Southam: On a point of privilege, Mr. Chairman, may I say that we have listened to the minister suggest that the western farmers were not in agreement with the signing of a new wheat agreement. This is what we advocated and developed in the first place.

The Chairman: Order, please.

Mr. Greene: Well, perhaps the hon. member wishes to change his position. What I believe he said was that we should never have abandoned the world wheat agreement.

Mr. Southam: We said that it should not have been allowed to lapse.

Mr. Greene: If the hon. member was familiar with the nature of the Kennedy round discussion he would have known that if we had not let the world wheat agreement lapse we could not have entered into the Kennedy round to renegotiate these far better minimums and maximums in the interests of the Canadian farmer. I believe it is totally wrong to blame anyone for the fact that the wheat prices went down after the Kennedy round, or to blame our negotiators or the Canadian government for the fact that there was a decline in world wheat prices which naturally made the buyer nations reluctant to implement the findings at the conclusion of the Kennedy round into the world wheat agreement.

I believe the hon. member for Burnaby-Coquitlam was quite right in this regard. He did not attempt to play politics with this. He said that world wheat prices went down by reason of the fact that there had been very large crops in the Communist countries and—I do not know whether or not he alleged this—the fact that the Americans brought I believe 30 million acres out of the soil bank into production. These were the reasons the world wheat prices went down. If one attempts to formulate a policy having in mind the facts, rather than playing politics, I think he must accept as fact that the world wheat prices went down because of natural reasons, and not because of any failure on the part of the Canadian negotiators or the Canadian government. Negotiations have been going on since, as I believe the Minister of Trade and Commerce has often stated here. I believe these negotiations will be fruitful and will result in a new world wheat agreement which will implement the higher price range that was achieved at the Kennedy round. If this comes to pass, as I believe it will, it will certainly place the western farmer in a much better position than he was in prior to the Kennedy round, and I feel certain he will appreciate the efforts which were made at Geneva by the Canadian negotiators.

I should like to deal with the points raised by the hon. member for Burnaby-Coquitlam, because I think he and the hon. member for Lambton-Kent brought in some very constructive points which I believe are valid and could add something extremely useful to the discussions in respect of the direction that agricultural policy should take and the direction in which we should be moving. I think the hon. member for Lambton-Kent originally suggested that we should move in the direction of an incomes policy in agriculture. He suggested the implementation of Dr. Gilson's paper in this regard. I believe that the same general line of approach was taken by the hon. member for Burnaby-Coquitlam with regard to the question of the marketplace in which the farmer finds himself today, a marketplace which is not free.

If I understood the position of these hon. gentlemen correctly I believe they both indicated that we should be moving toward some type of incomes policy, if we want to keep agriculture in a healthy state and if we want to obtain a satisfactory level of income for the agricultural producer in the non-free marketplace which exists today. I think it is a fact that the marketplace is no longer the free marketplace it was when the agricultural policy of the past was conceived. If the farmer is to get a fair shake in this non-free marketplace, there will have to be new approaches which do not presume as at present that the farmer is dealing in a free marketplace where the consumer has a free choice. I think this is an area of suggestion and direction which merits the very careful consideration of those who are serious about attempting to improve the lot of the farmer today. I believe that when hundreds of thousands of farmers are dealing with very few buyers in the non-free marketplace it is inevitable that the farmers will get the worst of the deal until the time comes when they have equal control one way or another over the

marketplace, whether it be by means of an incomes policy or otherwise.

I very much appreciate the suggestions of the two hon. members in this regard and I assure them this is an avenue of consideration that is being studied by the government and one which certainly will, I am sure, receive a very comprehensive survey by our task force. I quite appreciate that some very pervasive and fundamental changes will have to be made in the agricultural industry if we are to achieve the kind of income we desire for our Canadian farmers.

Not too much mention of the task force was made by hon. members opposite, but I believe one or two members did ask questions about it. I can only say to those interested in the work of this body that I hold great hopes for the contribution that the task force can make in pointing out the directions in which Canadian agriculture should move and the direction in which parliament should move if we are to achieve the kind of income and economic sufficiency for the farmers that they should have.

To those hon. gentlemen who asked about the task force I can say that it is meeting almost continuously. In fact they were here today and I had a meeting with them. They will be reporting by the end of this year. I have every anticipation that the work of the task force when completed will be compiled in a paper for the perusal of hon. members, and for members of the public generally who are interested in the problem of agriculture. The present intent of the government is that ultimately the findings of the task force will be submitted to a national conclave of one kind or another at the federal and provincial levels, which would include representatives of farm organizations as may be recommended by the task force.

• (9:50 p.m.)

It is quite clear that the problems of agriculture cannot, under the complexities of our constitution, be solved by either the federal or provincial governments alone. This is an area of our economy that very clearly comes within the responsibility of the two.

The Chairman: Order. I must interrupt the hon. minister to advise him that his allotted time has now expired.

Some hon. Members: Carry on.

An hon. Member: No.

[Mr. Greene.]

The Chairman: Does the minister wish to continue?

Mr. Greene: Apparently hon. members do not consent.

The Chairman: Does the committee give its unanimous consent for the minister to continue?

An hon. Member: No.

The Chairman: There is not unanimous consent.

Mr. Moore: Mr. Chairman, I rise on a question of personal privilege. The minister implied that I did not know what I was talking about when I quoted certain figures in my speech. Let me put it on the record that there are many shippers of fluid milk who receive for their surplus $3.25 per hundred pounds, and many cream shippers who receive something over $2. With the added payment this means they receive very little more than $3.30 per hundredweight.

Mr. McLelland: Mr. Chairman, I rise to take part in this debate to make sure the Minister of Agriculture understands fully what we are talking about when we refer to western wheat and the importance of this product to western Canada and the whole of this country. Other hon. members from western Canada have done a magnificent job in informing the minister about the problems faced by wheat producers. In order that the minister will fully understand what this is all about I should like to send him two samples of wheat. One sample is western spring wheat, a hard wheat variety, and the other is western Durum wheat, a soft wheat used in the preparation of macaroni, which I am sure the minister has had for supper quite often.

At my delivery point at Loreham, Saskatchewan, No. 2 northern spring wheat netted the farmer this year $1.47½ per bushel at the elevator, minus the 1 per cent on the cash settlement for P.F.A.A. deductions. No. 3 C.W. Durum wheat, the soft variety, nets the farmer $1.43½ per bushel. I mention these grades because in our area these are the most prevalent. These are the true prices the farmer receives for wheat at the delivery point for the crop year 1967-68.

These prices will not likely improve because of the low ceiling price obtained for wheat sold on the export market this year. In other words, we do not expect a large final payment next year. The western farmers have

been pressing the government to request the Canadian Wheat Board to make the final wheat payment for the 1966-67 crop, because they need the rest of their money. I hope the minister realizes that farmers delivering the same variety and the same grade of wheat I referred to earlier receive only $1.28¼ per bushel for No. 2 hard wheat, and $1.24¼ per bushel for No. 3 C.W. Durum wheat. The farmers in the constituency of Rosetown-Biggar need their final payments, and I hope they will receive them in the not too distant future. I hope I have helped the minister to understand what the western members have been talking about in respect of wheat.

Let me draw another problem to the attention of the minister which is of great concern to the people in certain parts of my constituency. We now have a dam, built or at least started during the time when the Conservative government was in power. I am sure the minister is aware of this because he was at the location last July 21. A large irrigation project will be developed downstream from this dam. Farmers there are now levelling and preparing their land. Some will be sowing irrigation crops this year. I ask the minister to use his influence with his cabinet colleagues to see whether the Minister of Finance will discontinue the 12 per cent sales tax applicable to irrigation equipment and other supplies used for the irrigation of land. I hope the government can be encouraged to give some tax incentive to the farmers in this new development area, which will be called upon to produce a great deal to answer the world demand for food supply. The minister should take a serious look at this whole question and use his influence to convince the Minister of Finance to provide tax incentives or to rescind the tax now applicable on these supplies. This will provide an opportunity for these people to go ahead with the development of this area, in order that they may increase production.

Mr. Chairman, may I call ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacEachen: Mr. Speaker, I should like to advise the house that tomorrow we will continue with supplementary estimates, beginning with the estimates of the Department of Finance. The Minister of Finance will make a statement at the opening of his estimates.

Mr. Stanfield: Mr. Speaker, I should like to maye it clear that I am not sure this is agreeable, in view of the length of time the Minister of Agriculture has taken tonight and the quality of the remarks made. We will sleep on it.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

PUBLIC SERVICE—PENSIONS OF RETIRED CIVIL SERVANTS—REQUEST FOR INCREASE AT THIS SESSION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the subject of the pensions of retired civil servants is on the late show again tonight because of a question which I put to the Prime Minister (Mr. Pearson) on Wednesday, January 31, as recorded in *Hansard* at page 6207. Initially my question on that day to the Prime Minister had to do with the business of the house. In particular I asked if he could indicate what items of legislation the government wished parliament to deal with before anything happened to the present session. The Prime Minister in reply expressed the hope that he would be able to give a list of such items shortly, and then *Hansard* reads as follows:

> Mr. Knowles: Will the list include provision for increasing the pensions of retired civil servants, so this matter can be dealt with before the present Prime Minister retires?
>
> Mr. Pearson: I would only be in a position to submit the pieces of legislation which are very urgent and of immediate importance; and while the item to which the hon. member refers is of great importance, it is not on the immediate and urgent list.
>
> Mr. Knowles: Why not?

As a matter of fact, the point of my asking for this matter to be posted for this adjournment debate is to seek an answer to that question: Why not? Why is it that the matter of increasing the pensions of retired civil servants, as recommended unanimously by a joint committee of both houses in a report tabled on May 8, 1967, is not on the list of business to be dealt with before the present Prime Minister retires?

Obviously, Mr. Speaker, I have not time to go over the whole history of this matter, and it is not necessary because it has been done a good many times; but there are one or two other references I should like to make at this time. On December 15, 1967, eight days after

the President of the Treasury Board (Mr. Benson) had indicated the programs that were being cut, I asked the Prime Minister whether he would include this question of increasing the pensions of retired civil servants on the list of things that he would attend to before leaving office. His reply on that date, as recorded at page 5474 of *Hansard*, was that he hoped the situation would improve during the remainder of his period as Prime Minister so that this might be possible. Later, on another occasion, I asked the Prime Minister whether conditions had improved to that point. This was on Friday, February 9, 1968, as recorded at page 6558 of *Hansard*, and he said he was still hoping that the situation would improve so this matter could be dealt with.

The story in its entirety is a long one; it covers many years. But the facts are now pretty well known to the members of this house and to the public generally. Our retired civil servants have a case for an increase in their pensions. Other people have, too; but surely the place for the government to begin is with its own employees. That case has been confirmed by the report of the special joint committee to which I have already referred. We were assured time and time again that the matter would be dealt with, but we have been put off and off and off.

I say quite frankly that if this matter is not dealt with under the present Prime Minister, I am not very hopeful that any of the candidates who aspire to be the prime minister in the next session of this house will be as interested in the matter as he is.

Mr. Douglas: There is an exception.

Mr. Knowles: My leader says there is an exception. Perhaps the Minister of National Health and Welfare (Mr. MacEachen), if he is the exception, could indicate where he stands on the matter. It might help him at the April convention.

In any case, I am deadly serious about this. It does seem to me that neither we in the house nor the people who are affected should be insulted and put off any longer by the excuses which are given to us from time to time. The excuse that it was a matter of saving money, as suggested by the President of the Treasury Board last December 7, just does not go down. The excuse that the matter is complicated, just does not wash. The excuse that there is no parliamentary time to deal with it, is not acceptable at all. The need is there; the case has been made. This matter was dealt with by a previous government, so it can be handled. It is not brand new ground that is being broken. I suggest therefore that the appeal I make is one to which a response should be made. This matter should be dealt with during the present session of parliament before the present Prime Minister leaves office.

My time is nearly up, so without indulging in any histrionics or further argument, may I just ask whatever person opposite is answering my question for the Prime Minister tonight to tell me why this urgent and important question is not on the list of matters to be dealt with before the present Prime Minister leaves office. If it is not yet on that list, I urge that it be put there without delay.

Mr. J. E. Walker (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, in reply to this question I will have to repeat some of the remarks which the hon. member made. Five weeks ago tomorrow, the hon. member for Winnipeg North Centre asked the Prime Minister on orders of the day a general question regarding legislation which the government hoped to bring forward in the present session. The Prime Minister answered in general terms, and two days later replied more specifically. The hon. member for Winnipeg North Centre asked a supplementary question to his first one, as recorded at page 6207 of *Hansard*, which reads as follows:

> Will the list include provision for increasing the pensions of retired civil servants, so this matter can be dealt with before the present Prime Minister retires?

The reply read as follows:

> Mr. Pearson: I would only be in a position to submit the pieces of legislation which are very urgent and of immediate importance; and while the item to which the hon. member refers is of great importance, it is not on the immediate and urgent list.

I say to the hon. member that I think it is less than realistic for him to brush aside the answers which have been given to him and others time and time again by the Prime Minister, the President of the Treasury Board, and myself. Why bother asking the question if he will not listen and understand the answer? I submit that this is the real question.

Another basic question is: When will this house deal with the extremely urgent and critical matters which now lie before us, including a simple amendment to the National Housing Act which will reduce the down payment on homes for thousands of Canadians.

The question of superannuation pensions is of great importance and a matter of continuing consideration on the part of the government.

Mr. Knowles: Why refer anything to committees if you do not pay any attention to their reports?

• (10:10 p.m.)

[*Translation*]

TELEVISION—REQUEST FOR IMPROVEMENT IN SERVICE IN LAC ST. JEAN CONSTITUENCY

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, first of all, I shall read the question I put this afternoon to the hon. Minister of Transport:

Further to the representations made by the chamber of commerce of Alma, main centre of my riding, can the hon. minister tell us what steps he intends to take to improve the relay of C.B.C. programs by the station CKRS-TV of Jonquière-Kénogami?

Mr. Speaker, the reasons which prompted me to put that question to the hon. minister are, to my mind, very urgent because for a while now, the people back home deplore the inefficient relay of C.B.C. programs.

The facts which motivated that question can be found in the brief addressed to the hon. Minister of Transport (Mr. Hellyer), of which he certainly has a copy.

I quote this excerpt from the brief presented by the Alma chamber of commerce:

The Jonquière station (CKRS) serves the people of Alma through channels 12 and 8, that is from the main station or from the Chambord satellite. In both cases, and we shall see why, black and white or colour reception leaves much to be desired, especially in the lower parts of the city and in certain areas such as Isle-Maligne and Maltais. The most highly perfected antennas—several citizens made the experiment—did not remedy the situation. On the other hand, the Chicoutimi station (CJPM)—

Incidentally, this is a private station.

—serves all the area through its facilities at Mont Sainte-Claire alone. Generally speaking, the black and white and colour reception is superior to that of CKRS-TV.

In a city like Alma, where thousands of people watch television, which constitutes a well of publicity from which the two regional T.V. stations draw abundantly, this is intolerable.

Now, Mr. Speaker, what are the causes of this poor reception? I shall quote further from the brief:

In the course of our survey, we questioned a good number of T.V. owners, technicians in electronics, people who work in the area.

On the strength of what they told us, and considering the fact that the problems related to the quality of relaying are far more acute through the channels of the Jonquière station, we decided to limit our remarks to this station only for the time being.

Now, Mr. Speaker, who is responsible for this sad state of affairs? Here is what the brief has to say in this regard:

It is difficult to determine who is truly responsible for all this, because the frequencies are allocated by the federal Department of Transport. The owners of television stations have no jurisdiction over them. But, on the other hand, it is unfortunate that such inconveniences become noticeable only after the transmitters and antennas are installed. Their removal would no doubt, cost hundreds of thousands of dolars to the Jonquière station.

I hope that it is fully realized the kind of expenses incurred by the owners of television sets who, having noticed a rather poor reception, called the dealer of the technician in order to find out why. Other people installed rather expensive antennas simply to come to the conclusion that the station itself, CKRS-TV, was in fact responsible.

And the brief concludes with these words:

After due consideration to all the arguments and facts mentioned above, the Alma Chamber of Commerce calls upon the federal Department of Transport to ask CKRS-TV station, which broadcasts the C.B.C. programs, to set up a microwave relay system as found everywhere else in the province of Quebec and in Canada.

I should like to know the attitude of the hon. Minister of Transport in this regard and ask him whether he can assure us that steps will be taken to correct it.

[*English*]

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, this seems to be a matter that would more properly be directed to the Secretary of State, inasmuch as it deals with the Canadian Broadcasting Corporation. I am in great sympathy with the hon. member for Lake St. John regarding his difficulty in sorting out the various television stations in his community. I wish some of the members from Quebec, Ontario and the more central regions would visit British Columbia and note the difficulties we are facing in the matter of providing television service. The C.B.C. and other private stations have been unable to provide service to communities of up to two and three thousand people. So that while I am in great sympathy with the hon. member I do want to assure him that his problem is certainly not unique.

On making inquiries this afternoon during the little time at my disposal I was informed that the Canadian Broadcasting Corporation has this matter under consideration and has

requested that the application for satellite transmission, as I understand the problem, be deferred till certain other technical problems have been resolved. But the matter is under active consideration, and since the hon. member has brought it to the attention of the Department of Transport I want to assure him that I personally will be pleased to look into it on his behalf.

FINANCE—REQUEST FOR STATEMENT ON ECONOMIC AND FINANCIAL POLICY

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, when the Minister of Finance was being questioned today about the statement that he is going to present to the house when his estimates come before the house tomorrow, I asked him the following question:

> I have a supplementary question, Mr. Speaker. I should like to ask the minister whether in making that statement he could, for the information of dullards like me and others, specify the advantages of a fixed exchange rate or the disadvantages of a floating exchange rate.

I must say, Mr. Speaker, that exchange rates are a bit beyond the intellectual capacity of the hon. member for Kootenay West to absorb; however, I am anxious to learn. On reading the history of exchange rates I find that there has been no pattern with any nation throughout the years. Most nations, I find, have acted in what they thought was the national interest in periods of emergency. I find Conservative governments taking both sides of the question, Liberal governments taking both sides of the question, and socialist governments have taken one or the other side of the question at certain times. That is the reason I asked this question.

I understand that at the present time the minister is strongly in favour of a fixed exchange rate. Before the minister replies I want briefly to refer to an article that appeared in the *Star* for February 16 written by Peter Newman in connection with the report of the Watkins task force. I must say that I think the *Star* is to be complimented for publishing this article, which is a report on foreign investment in Canada.

• (10:20 p.m.)

It reads as follows:

> A floating rate for the international value of the Canadian dollar would help protect jobs and guard against inflation in this country, suggests the Watkins task force report on foreign investment.
>
> The present fixed rate—92½ cents U.S.—restricts independent Canadian policy in these areas, the report says.
>
> It comes down on the side of the "flexibles" in the continuing argument over exchange rate policy. They include many bankers and financial men, as well as politicians.
>
> The government has been committed to the fixed rate since 1962. At that time, a floating rate had to be abandoned as part of the price of massive international help in supporting Canada's efforts to relieve speculative and other pressures against the dollar.
>
> Other major world trading nations also have fixed rates, by agreement under the International Monetary Fund. Their purpose is to assure currency values to international traders and investors.
>
> The report says "it is likely that the most effective means for lessening these constraints (on Canadian economic policies) would be a return to a flexible exchange rate system."
>
> Backers of the flexible exchange rate see it this way:
>
> When there is a heavy flow of money from Canada, the natural tendency is for the value of the dollar to drop.
>
> If it drops far enough, it helps correct the outflow by discouraging imports and encouraging exports.
>
> That is, it brings more money in to Canada and lessens the amounts going out.
>
> But Canada can't now let the dollar drop more than 1 per cent below its pegged rate.
>
> This means it may be compelled to attract money to Canada by raising interest rates, slashing government spending and raising taxes.
>
> And that may interfere with policies of growth and full employment.

After hearing arguments on both sides of this question I can well understand that many of the Canadian people are confused. This is why I asked the minister the question I did. I hope he will respond favourably to my invitation because I think his comments would be most interesting to members of the house, and informative to the Canadian public.

Hon. Mitchell Sharp (Minister of Finance): As the hon. member has suggested, it is my intention when my estimates are called tomorrow to discuss both international and domestic matters, and I shall of course at that time be talking about some recent developments in the exchange market.

I cannot promise, now, that I shall engage in a dissertation on the respective merits of fixed and floating exchange rates. The only thing that causes me a little wonder is that the hon. member should raise any question about this at all. I understood that the party to which he belongs is fully committed to the floating exchange rate. However, I shall listen with great interest to the views of his party, and perhaps the hon. gentleman himself will enter the debate when he has an opportunity to do so.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Wednesday, March 6, 1968

The house met at 2.30 p.m.

[*Translation*]

VACANCY

Mr. Speaker: I have the honour to inform the house that I have received notice that a vacancy occurred in the representation, that of Mr. Maurice Allard, member for the electoral district of Sherbrooke, by resignation.

Accordingly, I issued my warrant to the chief electoral officer to make out a new writ of election for the said electoral district.

[*English*]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

U.S. SURVEY CREWS IN NORTHERN ONTARIO

Question No. 949—**Mr. Germa:**

1. Are there any United States Army or civilian water survey crews working at present in Northern Ontario?

2. If so (a) under which department of the Government of Canada are they operating (b) to what purpose is this water survey being conducted?

Hon. Judy V. LaMarsh (Secretary of State): 1. Not to the knowledge of the Departments of External Affairs and Energy, Mines and Resources.

2. (a) and (b) Not applicable.

FEDERAL TRANSLATION SERVICES

Question No. 1,013—**Mr. Isabelle:**

1. To what departments or government bodies does the Department of the Secretary of State supply the staff for a translation office?

2. With the exception of translators assigned to the translation of bills and debates, how many regular full-time translators are there (a) in the House of Commons (b) in the Senate, with offices in the Parliament Buildings?

3. How many translators who are not yet Canadian citizens are there in the translation bureau of (a) the Privy Council (b) the Department of External Affairs (c) the Department of National Defence?

Hon. Judy V. LaMarsh (Secretary of State): 1. Agriculture, Bank of Canada, Consumer and Corporate Affairs, Defence Production, Energy, Mines and Resources, External Affairs, Finance and Treasury Board, Fisheries, Forestry, Indian and Northern Development, Labour, Manpower and Immigration, National Defence, National Health and Welfare, National Revenue, Post Office, Privy Council, Public Service Commission, Public Works, Dominion Bureau of Statistics, Trade and Commerce, Industry, Transport, Unemployment Insurance, Veterans Affairs. Other government departments and agencies are served by the translation bureau's central services.

2. (a) and (b) None. Because of a shortage of office space in the parliament buildings, the translators serving the Senate and the House of Commons are located with the administration of the translation bureau in the Blackburn building.

3. (a) 1. (b) 1. (c) 1.

TONNAGE HANDLED AT VARIOUS SEAPORTS

Question No. 1,066—**Mr. Blouin:**

How many tons of merchandise were handled in 1967 in the following seaports: Montreal, Vancouver, Halifax, Port Arthur, Fort William, Quebec, Rimouski, Baie Comeau, Sept-Iles (including Pointe Noire)?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce):

Preliminary Statistics for Total Cargo Tonnage Handled at Selected Ports, 1967

Port	Tons Handled
Montreal	20,740,279*
Vancouver	23,096,287*
Halifax	9,363,659*
Port Arthur-Fort William	15,464,609
Quebec	7,174,064*
Rimouski	534,936
Baie Comeau	4,513,168
Sept-Îles (including Pointe Noire)	22,740,432

*Supplied by the National Harbours Board.

Orders for Returns

SALE OF LOT, LAC ST-PIERRE, QUE.

Question No. 1,077—**Mr. Mongrain:**

1. Since October, 1967, has the Department of Public Works sold a lot on the shore of Lac St-Pierre to a Mr. André Pellerin of Yamachiche?

2. If so, at what price and under what conditions?

Hon. G. J. McIlraith (Minister of Public Works): 1 and 2. No, however three parcels of land, parts of lots 860 and 566 were declared surplus by the Department of Public Works and transferred to Crown Assets Disposal Corporation in 1964 for disposal.

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

APPLICATIONS OF TELEVISION STATIONS CJCH AND CKCW

Question No. 919—**Mr. Coates:**

1. On what date did CJCH T.V. initially make application to the Board of Broadcast Governors for Channel 8?

2. On what date did the B.B.G. make its initial decision on the application for CJCH T.V.?

3. On what date was CJCH T.V. allowed to submit a further application to the B.B.G. for Channel 8, on what date did the B.B.G. render its interim decision on this application, and on what date did it submit its final decision on this application?

4. What was the reason for the substantial delay between the initial application of CJCH T.V. and its second application?

5. On what date did CKCW T.V. submit its initial application for television rights in the same area covered by the CJCH T.V. application?

6. What television companies in the Maritime Provinces are in a position to provide alternate television from the C.T.V. Network for the viewers of northern Nova Scotia, central New Brunswick and Prince Edward Island?

Return tabled.

POST OFFICE HEATING OIL CONTRACTS NORTHWESTERN QUEBEC

Question No. 941—**Mr. Laprise:**

1. Did the Department of Public Works call for tenders on heating oil for the year 1967-68 for the post offices at (a) La Sarre (b) Amos (c) Normetal (d) Senneterre (e) Macamic?

2. If so, in what newspapers and on what date?

3. To whom were the contracts let and in what amounts?

Return tabled.

Mr. Jack A. Irvine (London): Mr. Speaker, I rise on a question of privilege. Starred question No. 907 in my name has been on the order paper since January 22. I wonder whether I could be advised when I might anticipate receiving an answer to this question.

[*Translation*]

Mr. Béchard: Mr. Speaker, we will reply to that question as soon as possible.

[*English*]

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I rise on a similar question of privilege. Starred question No. 867 has been on the order paper since December 15, and I also would like to inquire concerning when I might have an answer to it.

[*Translation*]

Mr. Béchard: The answer is the same, Mr. Speaker.

[*English*]

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, starred question No. 693 which appears in my name has been on the order paper since November 14. I should like to know when I might have an answer to this question.

[*Translation*]

Mr. Béchard: The answer is the same, Mr. Speaker.

[*English*]

Hon. George Hees (Northumberland): Mr. Speaker, starred question No. 545 has been on the order paper since October 24. This is a very simple question for the government to answer if it wishes to do so, and I would appreciate learning when I might receive an answer.

[*Translation*]

Mr. Béchard: The same answer still applies, Mr. Speaker.

[*English*]

Hon. R. A. Bell (Carleton): Mr. Speaker, I have the granddaddy of them all. My starred question No. 387 has been on the order paper since September 25.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notices of motions for the production of papers Nos. 48 and 50 are acceptable to the government.

Notices of motions Nos. 47, 49, 51, 52 and 53 are acceptable to the government subject to the usual reservations concerning privileged papers and the consent of the relevant government authorities.

I ask, Mr. Speaker, that the remaining notices of motions be allowed to stand.

[*English*]

REFUNDS OF OVERPAYMENTS UNDER PENSION PLAN

Motion No. 47—**Mr. Hales:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all letters, telegrams, and other documents exchanged between the Government of Canada and all provincial governments with respect to securing the permission of the provinces to make payment to employers who have made overpayments to the Canada Pension Plan.

Motion agreed to.

EDUCATION OF IMMIGRANT CHILDREN

Motion No. 48—**Mr. Lewis:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence in 1968 between officials and elected representatives of the Toronto and Metro School Boards and the Minister of Manpower and Immigration regarding the education and cost thereof of immigrant children.

Motion agreed to.

FEDERAL SHARE OF COST SHARING PROGRAMS

Motion No. 49—**Mr. Hales:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all letters, telegrams or other documents, exchanged since the first of November, 1967, between the government and any of the provinces in connection with the payment or commitment of the federal government's share in the following cost-sharing arrangements: vocational training schools; ARDA; conservation programs; and student loans.

Motion agreed to.

PUBLIC SERVANTS IN MANAGERIAL OR CONFIDENTIAL CAPACITIES

Motion No. 50—**Mr. Bell (Carleton):**

That an Order of the House do issue for a copy of the statement of government policy on the obligations of public servants identified as persons employed in a managerial or confidential capacity.

Motion agreed to.

Motions for Papers

B.C. INDIAN RESERVES MINERAL RESOURCES ACT

Motion No. 51—**Mr. Howard:**

That an Order of the House do issue for a copy of all directives prepared by the Department of Indian Affairs and Northern Development and all reports prepared for that Department since January 1, 1965, relating to the British Columbia Indian Reserves Mineral Resources Act.

Motion agreed to.

B.C. INDIAN RESERVES MINERAL RESOURCES ACT

Motion No. 52—**Mr. Howard:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all telegrams, letters and other documents exchanged between the government or any agency or department thereof, and any other person, government or organization since January 1, 1965, relating to the British Columbia Indian Reserves Mineral Resources Act.

Motion agreed to.

FEDERAL CONTRIBUTIONS TO SHARED COST PROGRAMS

Motion No. 53—**Mr. Fulton:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence, etc., exchanged between the Government of Canada and the Governments of the Provinces or any of them, since September 1, 1967, concerning a slowdown, holdback, or elimination of federal contributions towards any program or project to which it had been agreed that joint federal and provincial financial contributions would be made.

Motion agreed to.

EXTERNAL AFFAIRS

PAYMENT BY FRANCE FOR FORMER CANADIAN NATO BASES

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Secretary of State for External Affairs a question regarding Canadian NATO bases in France. Has the government of Canada made any recent requests or had any recent communications from the government of France regarding payment by that country for Canadian owned NATO bases in France given up last year? I understand these bases cost some $18,000,000, for which France agreed to make some recompense.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, consultations

are now under way among 14 countries, particularly the United States and Canada, in respect of claims against France. Until those consultations have resulted in a conclusion I am afraid I cannot give any more definite reply. I can say that this matter is under very active consideration.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, will the minister inform the house as to the size of the claim Canada has made against France in respect of compensation for these facilities?

Mr. Martin (Essex East): Mr. Speaker, this is one of the matters forming part of the consultative arrangement. An assessment is now being made of what each country considers to be its claim against France.

IMMIGRATION

CONSIDERATION OF APPLICATIONS FROM ASIANS IN KENYA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct my question to the Minister of Manpower and Immigration. It relates to the Asians in Kenya who in a short time are to lose their work permits and may become stateless citizens. Is any special consideration to be given to these people to allow them to enter Canada, in the interests of humanity and Commonwealth relations? Will special consideration be given on compassionate grounds, and is it contemplated by the government to waive the present regulations?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I think that our regulations, as they stand now, can cover that situation. I have already told the house, if I remember rightly, that we will send special teams to Kenya as soon as the number of applications warrants it.

We are ready to examine those applications quickly when they are made.

[*English*]

Mr. Douglas: Mr. Speaker, I should like to ask whether special teams have gone to Nairobi, and will some additional points be granted in order that these people may qualify? Will a special set of regulations apply in the case of these particular applicants?

[*Translation*]

Mr. Marchand: Mr. Speaker, I will inquire and tell the hon. member tomorrow if teams are already in Kenya.

[Mr. Martin (Essex East).]

As far as changing our standards of selection is concerned, we have not considered that matter yet.

[*English*]

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether, if the Commonwealth is to serve any useful purpose at all, the government does not think this is a matter which should be discussed by Commonwealth members.

Mr. Speaker: Order, please. The hon. member is now asking an argumentative question. This is not in order.

Mr. Jack Roxburgh (Norfolk): Mr. Speaker, I should like the Minister of Manpower and Immigration to assure us that although privileges may be extended to bring in these people, this will not upset in any way the immigration policies now in force.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to put a supplementary question to the hon. Minister of Manpower and Immigration.

Could he tell us whether his department has made decisions concerning the case of the young Cuban athlete who has asked for asylum in Canada?

Mr. Speaker: The question is not supplementary.

[*English*]

Mr. Raymond Rock (Jacques-Cartier-Lasalle): Mr. Speaker, I have a supplementary question. Will the minister also take seriously into consideration—

Mr. Speaker: Order. The Chair has recognized the hon. member for Wellington South.

Mr. A. D. Hales (Wellington South): A supplementary question, Mr. Speaker, to the Minister of Labour who is responsible for housing. Can he assure this house and the country that housing will be made available to these proposed immigrants?

Mr. Speaker: Order, please.

Mr. Rock: A supplementary question, Mr. Speaker. In considering this immigration problem, will the minister also take seriously into consideration the high unemployment problem in Canada?

Some hon. Members: Explain.

Mr. Bell (Saint John-Albert): Another split.

APPLICATION FOR POLITICAL ASYLUM BY CUBAN ATHLETE

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question that I should like to address to the Minister of Manpower and Immigration. Has a ruling yet been made with regard to the application of the young Cuban athlete in Vancouver to remain in Canada and be granted political asylum?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I do not remember. I am going to check and I shall give an answer to the hon. member tomorrow.

EXTERNAL AFFAIRS

STATEMENT BY QUEBEC PREMIER RESPECTING EDUCATIONAL DELEGATION TO GABON

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a question to the hon. Secretary of State for External Affairs.

Is he aware that the Quebec premier has said that he did not receive any note from the government in Ottawa concerning the Quebec delegation to Gabon?

Moreover, can the hon. Secretary of State for External Affairs tell us at what time that note was sent to the Quebec government, and whether he is willing to table it in the house?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Perhaps I ought to deal with that matter, Mr. Speaker, because the note was tabled by me. In that note which I tabled the other day I said it was suggested that the Quebec minister of education could head a Canadian delegation. That is the exact truth, and that suggestion was made. The question of a formal invitation, of course, could not arise because Canada itself had not at that time been invited to the conference. Indeed, in spite of our efforts to secure an invitation, we were not successful. But the words I used in my statement were quite accurate. The record will bear that out.

Mr. Heward Grafftey (Brome-Missisquoi): A supplementary question, Mr. Speaker. In view of the current difficulties between Canada, Gabon and the province of Quebec, would the Prime Minister assure the house that before continuing to push the federal cause the government will see fit to carry on the necessary constitutional discussions to clear up this matter?

Mr. Pearson: Mr. Speaker, there were discussions with the province of Quebec from the very beginning of this matter.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, this is somewhat in the nature of a supplementary question, but it was supposed to be a main question. I ask the Prime Minister whether an official invitation has been extended to the Canadian government for the proposed educational conference in Paris which follows the one held in Gabon. Has the government been invited to participate in that particular conference?

Mr. Pearson: I do not believe any invitations have been sent in respect of that conference. If such an invitation to attend were sent to Canada by the sponsoring government, which in this case would be the government of France, of course we would be very glad to accept.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to put a supplementary question.

Since Quebec has been invited to a conference on education to be held in France, can the right hon. Prime Minister tell us whether, on that occasion, the Canadian government intends to break off its diplomatic relations with France, as it has done with Gabon?

[*English*]

FINANCE

POSSIBLE IMPOSITION BY UNITED STATES OF IMPORT SURCHARGES

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to ask a question of the Minister of Finance. In view of the strong indication that the government of the United States intends to impose a surcharge on import tariffs as a means of correcting its balance of payments problem, has the government of Canada been in touch with the government of the United States about this matter? If so, has it received an assurance that any such surcharge if applied will not be imposed on Canadian products?

Inquiries of the Ministry

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I cannot confirm that the government of the United States has any intention of imposing such a surcharge. I can say, however, that during my discussions with the Secretary of the Treasury this possibility was discussed between us.

Mr. Hees: I have a supplementary question, Mr. Speaker. Did the minister receive an assurance from the Secretary of the Treasury of the United States that Canada would not be included in any plan to impose a surcharge if one is applied?

Mr. Sharp: Mr. Speaker, needless to say the Secretary of the Treasury would not deal with hypothetical questions like that. I can only say that Mr. Fowler did not confirm that the United States intended to impose a tax on imports.

Mr. Hees: I have a further supplementary question. The minister has referred to the matter as being hypothetical. Does he honestly not believe that it has considerable substance?

Mr. Speaker: Order, please.

BUSINESS OF THE HOUSE

PROPOSED CONSIDERATION OF HOUSING BILL AND NATIONAL CAPITAL RESOLUTION

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the government house leader. Would he consider the following proposal, namely that in view of the fact that item No. 64 on the order paper, the second reading of Bill No. C-202, may contribute to improving the housing situation, we would be prepared to pass the bill in all its remaining stages in one day if the government would bring it forward. We would also propose to pass without debate item No. 66 on the order paper, the resolution to set up a joint committee of both houses of parliament to examine the progress and programs of the National Capital Commission, so the joint committee can get to work on this matter.

I wonder whether the house leader could indicate to us whether he is prepared to accept this proposal.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I would be happy to accept the proposal with one amendment, namely that my hon. friend would agree to pass item No. 64 without debate.

Some hon. Members: Oh, oh.

[Mr. Hees.]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. John Loney (Bruce): My question is to the Minister of Agriculture. Would the minister inform the house if it is his intention when he meets the national farmers union tomorrow to quote statistics implying that they have never had it so good?

Hon. J. J. Greene (Minister of Agriculture): I will quote statistics to show the position in which the farmers find themselves today.

Mr. Speaker: Order, please. The question and the answer are both argumentative.

EXTERNAL AFFAIRS

PROPOSED PROHIBITION OF EXPORTS OF NICKEL TO U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. I am reliably informed that the quickest and most effective way to stop the war in Viet Nam would be to prevent the export to the United States of Canadian nickel, which is so essential to the prosecution of that war.

Mr. Speaker: Order, please. The hon. member should ask a question.

Mr. Herridge: That was just a preface, Mr. Speaker; I am coming to the question now. Would the government consider negotiating an agreement with the United States on terms similar to those offered to France for the export of uranium, and in so doing earn the gratitude of all peace loving people?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, of course Canada exports a great many important mmaterials to the United States. I understand that paper is essential within the context of the question asked by my hon. friend. I do not think the Canadian government would earn the gratitude of Canadians employed in producing these commodities if it sought to restrict these exports to the United States. I am sure this would be the view of the hon. member for Sudbury, who is in the same party as my hon. friend.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. In view of the fact that the government has

placed restrictions on the amount of these commodities that can be exported to other countries, particularly nickel and copper, is the minister of the opinion that adequate markets for these commodities could be found elsewhere in the world?

Mr. Martin (Essex East): I doubt it.

Mr. Lewis: You don't know.

NATIONAL DEFENCE

INQUIRY AS TO DISBANDMENT OF GUARDS REGIMENT

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Has his department under consideration a plan to disband the Canadian Regiment of Guards, and if so for what reasons?

Hon. Léo Cadieux (Minister of National Defence): There is no such plan, Mr. Speaker.

HARBOURS

INQUIRY AS TO REPRESENTATION ON NATIONAL BOARD

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is for the Minister of Transport. I should like to ask the minister whether the government or his department are considering a change in the structure or the makeup of the National Harbours Board to include a representative from the port of Montreal?

Hon. Paul Hellyer (Minister of Transport): This suggestion was made by the Montreal port commission, Mr. Speaker. It will, of course, be given the usual careful consideration. I have no idea yet what attitude the government might adopt.

Mr. Forrestall: May I ask a supplementary question. If there is any tendency on the part of the government to follow that course, will they give equal consideration to representation from Halifax and Saint John?

Mr. Hellyer: Halifax already has a representative on the board, Mr. Speaker.

Mr. Forrestall: Is that an admission?

TRADE

STEEL—ANSWER BY MINISTER RESPECTING DUMPING DUTY

On the orders of the day:

Mr. Joseph Macaluso (Hamilton West): I have a question for the Minister of National Revenue arising out of the concern of one of the major steel producing areas of Canada with respect to an answer the minister gave as reported on page 7279 of *Hansard* for yesterday, dealing with steel coming from foreign countries. The question arises—

Mr. Speaker: Order. The hon. member should ask his question.

Mr. Macaluso: The question arises out of a report in this morning's *Globe and Mail*. I ask the minister if this report is the result of a press release or statement, or is it an erroneous interpretation of the answer the minister gave yesterday?

Mr. Speaker: Order. The hon. member for Saint John-Albert.

Mr. Macaluso: I rise on a question of order, Mr. Speaker.

Mr. Speaker: The hon. member's question is not in order. He is asking about a statement.

AIR TRANSPORT

SUBMISSION RESPECTING REPORT ON C.P.A. CRASH IN JAPAN

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I have a question for the Minister of Transport. Has the minister received a submission from the Canadian Air Line Pilots Association which disagrees completely with the report on the C.P.A. crash in Japan? If so, will he reconcile these two statements and report to the house?

Hon. Paul Hellyer (Minister of Transport): I will take the question as notice.

INDIAN AFFAIRS

BRITISH COLUMBIA—CRIMINAL CHARGES AGAINST SUPERINTENDENT

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Solicitor General, and ask him whether in the light of the fact one of the Indian superintendents

in British Columbia has been charged with violation of trust as a public officer and with theft of over $50, will the minister undertake to inquire into the ramifications which may flow from the laying of those charges?

Hon. L. T. Pennell (Solicitor General): I am not familiar with the case and of course it would not be appropriate for me to make any comment at this time. I will discuss it with my colleague the Minister of Indian Affairs and Northern Development after the trial in order to ascertain if there are any related matters that require attention.

CRIMINAL CODE

REQUEST FOR COMMITTEE CONSIDERATION OF AMENDING LEGISLATION

On the orders of the day:

Mr. Robert McCleave (Halifax): My question is for the Minister of Justice, Mr. Speaker, and was raised originally in the house on February 8. Has the minister decided whether all or part of the omnibus bill amending the Criminal Code will be referred to a committee so the public will know whether or not to prepare representations?

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, the decisions which we are making in that respect are continuously adjusted, on account of the chronology of events, of course. We do not know as yet when this bill might come before the house. If it is not introduced during this session or this parliament, it will be introduced during another one. For that reason, the time when this bill will be studied remains to be determined.

[*English*]

ADMINISTRATION OF JUSTICE

REQUEST FOR STATEMENT ON EFFORTS TO CONTROL DRUG TRAFFIC

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I direct my question to the Solicitor General. In view of the increasing number of reports regarding the serious effects on young people of the use of illicit drugs; the growing evidence of increasing traffic in drugs; also in view of the recent recommendations of the Canadian Medical Association relating to the dangers of such illicit drugs which require legal and social restrictions against their distribution—

[Mr. Howard.]

Mr. Speaker: Order, please. Would the hon. member kindly ask his question?

Mr. Thompson: I am coming to that, sir. Would the Solicitor General inform the house whether his department is considering any specific action for more effective control of this dangerous situation, including control over the dissemination of material and television programs which encourage the use of drugs?

Hon. L. T. Pennell (Solicitor General): The R.C.M.P. is making a forceful effort to deal with the problem. The scope of the problem is revealed by the increase in the number of prosecutions for drug offences from 943 in 1966-67 to 1,915 in the first 11 months of 1967-68. As recently as last week the deputy commissioner of R.C.M.P. operations met with officials of the bureau of narcotics in Washington as part of a continuing consultation. A few weeks ago the commissioner convened a special meeting of all assistant commissioners heading the eight divisions across Canada for the purpose of discussing, among other things, matters relating to drug trafficking. Of course the R.C.M.P. is in touch with every agency on the continent—

Mr. Speaker: Order, please. I suggest to the minister that perhaps this statement is a bit long.

FINANCE

POSSIBLE PENALTY ON WITHDRAWAL OF MONETARY FUND CREDIT

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Minister of Finance a question with relation to the recent drawing by Canada of our credit in the International Monetary Fund, amounting to $241 million. Would the minister tell the house whether any transfer tax or penalty was payable by Canada in connection with that drawing?

Mr. Speaker: Order. I wonder whether the hon. member would not consider that this is the type of question that might be asked in a few minutes when the house considers the estimates of the Department of Finance.

Mr. Fulton: With respect, Mr. Speaker, I was asking the question now so we might have the matter as background to the minister's statement.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I would have to take this question as notice, but I shall have my officials

before me later and will ask them. I am unaware of any such tax or payment, but I would not want to deny it without consultation.

CANADA PENSION PLAN

INQUIRY AS TO REFUNDS OF EMPLOYEES

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address my question to the Minister of National Revenue. Is the minister in a position to report to the house on the progress his department has made with respect to the refunding of overpayments by employers to the Canada Pension Plan?

[*Translation*]

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker, in order to solve this problem, a new legislation would have to be introduced and I do not think that we could announce the government policy immediately.

We have already been in consultation with some provinces and we shall inform the house of any decision in due time.

[*English*]

HIGHWAY SAFETY

ESTABLISHMENT OF SAFETY STANDARDS FOR USED CARS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wonder if I could ask the Minister of Transport whether as part of the federal program for highway safety consideration has been given to encouraging the provinces to establish safety standards for used cars on an interprovincial basis.

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, this is one of the questions that we expect to discuss with the provinces when we meet with provincial representatives. Personally I think an effective standard for used cars is essential, and I should like to see one adopted which could be applied by all provinces of Canada.

THE MINISTRY

INQUIRY AS TO RESIGNATION OF TRADE MINISTER

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct a question to the Prime Minister. Could the Prime Minister advise the house when he expects to accept the resignation of the Minister of Trade and Commerce, which I understand has—

Mr. Speaker: Order. The hon. member knows that his question is not in order.

INCOME TAX

ASSESSMENTS RESPECTING TIPS RECEIVED BY BARTENDERS

On the orders of the day:

Mr. Bud Germa (Sudbury): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Have his inspectors in the income tax department been instructed to make arbitrary assessments when making a determination as to tips received by bartenders in Canada?

Mr. Speaker: Order. The question should be put on the order paper.

AGRICULTURE

POTATOES—IMPORTS FROM U.S. INTO WESTERN CANADA

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Agriculture. I should like to ask the minister whether he and his officials have yet made a determination in the claim of the western Canada potato growers that importations of United States potatoes into western Canada are at prices that constitute dumping.

Mr. Speaker: Order. It seems to me that this is a repetition of the question asked yesterday.

Mr. Schreyer: On a point of privilege, Mr. Speaker, I should tell Your Honour that yesterday you advised me that the question should be asked during consideration of the estimates, but this was impossible because the minister was filibustering his own estimates.

Mr. Speaker: Orders of the day.

Mr. Schreyer: Mr. Speaker, either the minister has not heard my question or he refuses to answer. I should like to restate my question.

Mr. Speaker: Order, please. I am sure the minister heard the question.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the hon. gentleman is asking for a legal opinion. He should know that the rules of the house do not permit me to give a legal opinion.

Mr. Schreyer: A supplementary question, Mr. Speaker. In the light of the minister's answer I should like to ask whether he intends to make a decision on the request of the western Canadian potato growers' association for the imposition of a value for duty on United States exports of potatoes to Canada.

Mr. Greene: Mr. Speaker, if such decision is to be made it will be announced in the proper manner.

EXTERNAL AFFAIRS

REQUEST FOR STATEMENT ON BRITISH COLUMBIA-ALASKA BOUNDARY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to my dear friend the Secretary of State for External Affairs. I preface my question by saying how pleased we are that he is coming to my home community later this month. I look forward to his visit with anticipation.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Howard: Mr. Speaker, the question I wish to pose to the minister is whether he would enlighten us on the government's position with respect to the international boundary between Alaska and British Columbia.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am always very glad to enlighten my hon. friend.

FINANCE

INQUIRY AS TO NEW ISSUE OF SAVINGS BONDS

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to ask a question of the Minister of Finance. Is the minister proposing to make an offering of Canada savings bonds to the public this spring, a possibility reported in this morning's *Globe and Mail*?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the government has under consideration making an offer to exchange the 1959 series for a new series. I made an announcement about this some time ago.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

[Mr. Greene.]

DEPARTMENT OF FINANCE

Administration

4c. Grant to the endowment fund of the Vanier Institute of the Family—L'institut Vanier de la famille, $236,869.

The Chairman: Order. House again in committee of supply, supplementary estimates (C), 1967-68, of the Department of Finance, vote 4c.

Hon. Mitchell Sharp (Minister of Finance): Mr. Chairman, it had been my expectation two weeks ago that we would proceed with a debate on the state of the economy in accordance with the desire expressed by the opposition. Recent developments on the international scene and the adverse vote on Bill C-193 have altered the setting for this debate. It now takes on a new character and a new urgency.

The immediate and urgent task facing the government and parliament is to take action which will buttress confidence in the Canadian economy and the Canadian dollar in the midst of mounting international financial uncertainties.

There is little we can do in this parliament to affect the underlying forces at work in international markets. We do have responsibility to ensure that we do not contribute, either by our action or by inaction, to the weakening of our own position and the worsening of the world financial situation. I shall therefore take advantage of this occasion to indicate why it is that the government considers it essential to introduce fiscal measures to replace the revenues that would have been provided by Bill C-193. A resolution preceding the introduction of another and different tax bill for this purpose will appear on the order paper tomorrow.

In addition to the tax measure, which the government hopes can be dealt with as soon as possible, and the further cuts in expenditure which I shall announce, it is the government's intention to announce within a day or two proposals concerning restraint on the increases of prices and wages and other costs and incomes. These proposals will revolve around the establishment of a board of review.

• (3:10 p.m.)

Before discussing our domestic affairs and the policies that we feel should be followed in regard to them, I would like to describe some of the recent events in international financial markets since I gave my budget statement on November 30.

The devaluation of sterling and the nervous mood that has existed in international circles since that happened have brought uncertainty and speculation into many of the capital and exchange markets throughout the world. Waves of rumours, speculation and market fluctuations have occurred at various times during the past three months. Seldom have international markets been so disturbed.

Both the international exchange and capital markets have been influenced considerably by the United States balance of payments program, announced on January 1 this year, which was designed to check the outflow of gold. The main item in the United States program which has created uncertainty over its effects on Canada has been the new mandatory control over direct investments by United States controlled businesses in other countries. When this program was announced and explained to us it was evident that the United States government had tried to achieve its objectives in ways that would minimize any impact on Canada, which, as the balance of payments figures between our two countries show, would be counter-productive as far as the United States is concerned.

I was able to say when these controls on direct investments were announced that the assessments given to me indicated that these were not intended or likely to lead to any material reduction in the flow of United States direct investment to Canada this year. Since January 1 we have examined the probable effects of these controls in more detail, and discussed them with the United States on several occasions. These controls leave room for about as much flow of direct investment into Canada as would occur without them this year, with a few exceptions. In the particular case of the petroleum industry, where programs change considerably from year to year, some problems have been under review both here and in Washington, and I expect these can be overcome.

However, in the nervous mood that has existed in international markets in recent months, it was natural that there would be uncertainty and concern over the possible effect of these United States measures on the Canadian situation. Around the middle of January pressure developed against the Canadian dollar in exchange markets, apparently triggered by misunderstanding of the effects of these United States controls on direct investment. On January 21 the United States Secretary of the Treasury, after discussing the matter with me, issued a clarifying statement which provided reassurance that the new United States balance of payments program does not call for, nor is it intended to have the effect of causing, abnormal transfers of earnings or withdrawals of capital by United States companies having investments in Canada, and that the program provides scope for continued large flows of capital to Canada.

As the house knows, of course, there continues to be an important inflow of long term capital from the United States. Indeed, hardly a month passes without long term loan issues being made in the United States on behalf of Canadian provinces, municipalities, or other bodies here.

On January 21 the Bank of Canada increased its bank rate from 6 per cent to 7 per cent and announced that the chartered banks had agreed to discourage the use of bank credit to facilitate abnormal transfers of funds abroad by Canadian subsidiaries of foreign companies, or to replace financing which has in the past normally been provided by parent companies.

Following this clarification by the United States and the action of the Bank of Canada, the pressure on the Canadian dollar abated. The regular announcement of our reserve position at the end of January indicated that Canadian reserves during the month had declined approximately $100 million in United States terms after taking into account the drawing into our reserves of $250 million in United States dollars by the Bank of Canada through activation of part of its reciprocal credit facility with the federal reserve system.

In the early part of February there was a period of further pressure on the Canadian dollar in the exchange market as the market reacted to the news of the changes in the reserves during January. Later there was substantial pressure on the dollar again after the adverse vote on the government's tax bill. The state of our reserves at the end of February, published last Friday, makes clear that there would have been a further reduction in our holdings of exchange that month had there not been an addition to the reserves secured by the drawing upon the International Monetary Fund. If we had not made this drawing there would have been a reduction of $113 million, in United States terms, in our gold and foreign exchange holdings.

As I said at the outset, there is little we can do about international financial developments like devaluation of sterling and the United States efforts to check the outflow of gold. We do have a responsibility to take action to strengthen and buttress our own position in the face of these international developments. There has been concern in recent years over the rise in Canadian prices and costs of production and its possible effects on the competitive position of Canadian industry. There have been more recently uncertainties as to the future action to be expected of the government and of parliament here.

First let me deal with our competitive position. I should like to recall that our trade position last year was stronger than it has been for some years past, and that by the end of the year our trade surplus was running at its highest level in over a decade. Indeed, our over-all current account position on the balance of payments in 1967, which I am told will be published later this week, has been considerably stronger than for several years previously.

While some of this strength derived from the extraordinary receipts that we obtained from tourist trade because of Expo '67, the net improvement on all our other current international transactions was nearly as large. We can reasonably expect that our current account balance this year, though it is bound to widen, will still be better than it was in either of the two years before Expo. It will thus represent an improvement in relation to the average deficit of the last 12 years, both in absolute terms and more especially in relation to our now greatly enlarged national output and volume of international transactions.

The present exchange rate of the Canadian dollar is appropriate to the situation of our economy. We are still experiencing the upward thrust in our economy which began seven years ago and which has continued without serious interruption to the present. Our export performance has been good, especially in the past few months. Imports have not been increasing disproportionately. Our economy is not significantly underutilized; indeed it is still displaying some of the effects of excess demand pressure which had built up over the long expansion.

Mr. Churchill: Where is the crisis, then?

Mr. Sharp: In these circumstances a lower exchange rate would add to our inflationary problems by increasing the demand on Canadian production by foreigners, and by reducing the use by Canadians of goods and services produced abroad. Domestic demand would have to be further restrained in order to offset the inflationary consequences of these reactions.

We must also bear in mind the effects of our action upon others and thus upon the world with which we trade and from which we derive so much of both real and financial capital. The international finance system has been under pressure for several years and has recently suffered some serious shocks. We must accept and discharge our share of responsibility for the effective working of the world system of trade and payments. That system, and the mutual assistance it involves in times of stress, provides large resources to meet speculative movements such as we have encountered recently.

• (3:20 p.m.)

Such resources are available to us as they have been to others, as is evident from the use we made of the reciprocal currency arrangements with the federal reserve system in January and the drawing on the fund in February. Further large amounts are available to us from these sources to meet further speculative movements should they occur, quite apart from the new credits which it would be possible for us to arrange if they are required.

I mentioned the influence on markets of uncertainty as to the action to be expected by government and parliament here, and I mentioned that when the tax bill was voted upon adversely there was a reaction in the exchange markets. I think we must recognize the danger of exaggerating political uncertainty in a situation such as we have now. It makes news to keep saying we face a financial crisis, that the government in Canada will be or may be paralyzed by political developments. It is possible to create a financial crisis if people come to believe these allegations about parliament. Yet parliament did not extend unreasonably the debate on the confidence motion. Parliament does want to debate seriously the state of the Canadian economy. I do not believe there is a will on either side of the house to paralyse parliament.

Some hon. Members: Hear, hear.

Mr. Sharp: The excitement generated in a political crisis such as we had recently, if prolonged, may create that impression, but I believe it is false.

I should now like to refer briefly to some of the other facts relating to the Canadian economy, and then draw some of the implications for policy from them. Hon. members will recall that we enjoyed a long period of economic expansion from 1961 through the boom of 1966, when the economy reached capacity. In the latter part of that year and in 1967 the rate of growth slackened, particularly in business capital spending, while employment and production levelled off. We were confronted with the problem of keeping the economy on a stable growth path while pursuing our major economic objectives of full employment, stability of prices, a high rate of growth, a viable balance of payments and an equitable distribution of rising incomes.

During last year it emerged that our main problem was to achieve stability of prices and costs despite a lessening in the excessive aggregate demands upon our economic resources. We seemed, however, to be plagued by a cost-push type of inflation even after the demand-pull type had subsided. As we look ahead now I think we will find there is so much to be done in Canada that is worth doing that there doesn't seem likely to be a deficiency of aggregate demands over the next few years, but rather a need for managing that aggregate and assigning priorities to its various components so we can have enough stability to permit sustainable growth.

In the three months since the budget statement of November 30 one of the most important economic factors has been the increasing evidence of rapid economic expansion in the United States. The pause which the American economy experienced in the first half of 1967 has been left behind. Business capital investment is now expanding in that country, and expenditures by consumers and governments are rising rapidly. There is indeed a real possibility of inflationary price and cost increases in the United States such as Canada experienced in the past two years unless there is a tax increase or other forms of fiscal restraint, and I need hardly say that this is the view being pressed by the United States administration.

In continental Europe expansion is to be expected as well. The O.E.C.D. is now forecasting a renewal of expansion in that area during 1968 at a rate of 3½ per cent in real terms. The expansion for the whole O.E.C.D. area including the United States and Japan is forecast at 4 per cent to 4½ per cent.

These external developments are providing a good market for most Canadian exports. One of the most encouraging features of recent months has been the strong expansion of exports in November and again in December. They have shown strength in all major market areas. Despite the problems encountered in marketing wheat during the past year our merchandise trade surplus for 1967 was substantially higher than that for the two preceding prosperous years.

Industrial production in Canada showed substantial increases in November and December, led by the automotive industry and primary iron and steel. Unemployment has fluctuated narrowly around the 4½ per cent level after allowing for the usual seasonal pattern. Its increase during the past year up to this level has reflected, of course, a variety of factors including particularly the failure of capital expenditures by businesses to expand during 1967.

Business capital expenditures are still influenced by the reduced level of profits in many industries and by concern over costs and the marketing prospects for various Canadian industries. In some cases the level of investment may be affected by the reduced level of retained earnings available for financing it, and by high interest rates, though I have seen little evidence that there is any shortage of bank credit for Canadian business. Any rapid upturn in the level of business capital expenditures is unlikely under present circumstances. Fortunately the current level is high, and permits the expansion of our industrial base and the modernization of Canadian equipment and techniques.

Some improvement is evident in housing. In 1967 housing starts reached a total of 164,000 fewer than we would have liked, fewer than anyone in this house would have liked, but an increase of 22 per cent over 1966 and a better total than many had expected during the year. I have been glad to note that the wider latitude provided for the market to determine the rates of interest of National Housing Act insured mortgages has led to an increasing flow of private funds from various types of institutions. The rates being paid for such funds are high by previous standards and they are, as they must be, competitive with other interest rates in the financial markets both here and in the United States and Europe. I think we can look forward to a higher rate of private housing starts this year than last year, particularly for apartments, while at the same time we are able to concentrate the funds provided by the government to the Central Mortgage and Housing Corporation into various types of public housing.

My colleague, the minister responsible for housing, expects that starts will rise to 175,000 this year.

Since I reported to the house in November, as in many months before that, the increases in prices and costs in Canada have been excessive. The consumers' price index has continued to advance at a troublesome rate. In January it shows an increase over the level of a year before of 4½ per cent. The increase in the cost of services was particularly great during 1967—6.4 per cent. The increase in the costs of shelter, that is rents and other costs of housing, has also been high, partly for reasons that are familiar—increased real property taxes, high land costs and high interest rates—but perhaps as well because landlords in many places are in a strong bargaining position.

While some food prices increased sharply last month, on the whole food prices have risen more moderately than others in the past year. The same is true of the prices of durable goods. Naturally, and fortunately, the increases in price have been least in most of those types of commodities in which Canadian producers face international competition.

On the side of costs, the increases in wages have been putting pressure on prices. Wage settlements in Canada have continued in recent months at high rates which exceed substantially the settlements in the United States, even though the latter have been increasing as well.

There have been some encouraging signs in the last year of improving productivity in the non-agricultural sector of the economy, but the rate of improvement falls far short of what we impatient Canadians want and demand in the annual improvement of our standards of living and government services. As a consequence, increases in prices and in the incomes of those with stronger market power are putting serious and inequitable pressures on the real incomes and living standards of those with less market power. The expectation of continuing price increases is having serious disturbing effects upon both the capital market and the labour market. When account is taken of all the consequences of persistently rising prices, it is evident that they cannot go on rising year after year at the rates they increased last year without undermining the stability of our prosperity, our production and our employment.

It seems quite evident to me that our first priority in economic policy now must be to achieve greater stability in prices and costs.

[Mr. Sharp.]

• (3:30 p.m.)

The consequence of the expectation of continued increasing prices has been reflected in our capital markets, specifically the market for government and municipal bonds, and for mortgages. The high interest rates being asked by investors are partly a reflection of the high level of interest rates in the United States and in Europe where similar conditions prevail, and also of the heavy demands placed on the capital markets in the past year. They also reflect, however, a widespread expectation of price increases continuing over a long period not only in Canada but elsewhere, which makes investors concerned about tying up their funds for a long time unless they get high yields in compensation for them. One important reason we must stop these persistent inflationary trends is to make it possible for governments, municipalities and home owners to be able to borrow money for long terms at reasonable interest rates.

It is against the foregoing background that we must now consider our course of action. We consider it necessary to maintain the kind of strong fiscal position which Bill C-193 was intended to help create. The purpose of such a fiscal policy is to check the inflation that I have described by bringing our revenues into line with our expenditures. Nothing I propose goes any further than that. It is the most essential element in a program directed to that end. Until we have an adequate fiscal framework we cannot properly endeavour to supplement it with other measures.

The new tax proposals will provide nearly as much revenue as Bill C-193 would have produced—$390 million of budgetary revenues compared with $425 million of budgetary revenues. We would receive an additional amount of $50 million non-budgetary receipts in each case. We propose to make up the difference, and more, by a further reduction of $75 million in government expenditure for the next fiscal year.

Some hon. Members: Hear, hear.

Mr. Sharp: This can only be done by tough and somewhat arbitrary measures of a temporary character that are appropriate in an emergency like the present one. We propose to table a revised schedule of estimates reflecting these reductions for the approval of parliament, in place of the present main estimates.

I also want to announce that the government has decided to impose a freeze forthwith on the total numbers employed in the public service as a whole.

In an ideal economy where everything worked out according to the basic theory of the price system and the movement of resources, where everything was competitive, where we did not suffer from external influences or internal imperfections, we would be able to pursue the objective of full employment and of maximum economic growth without serious hindrance. But the world is not an ideal place; Canada does not have a perfect economy. We face limits upon our freedom of action. These limits must be taken into account just as much as the ideals toward which we all would strive in the pursuit of full employment, prosperity and social equity.

The chief limit which confronts us now and about which we have learned much in the last several years is that of the inflationary tendencies that develop as we approach toward full employment. We have found that at a level of unemployment of 3½ per cent in 1965 and 1966 our prices began to increase sharply. Our costs increased much more rapidly than did those of competing economies. Even when the level of employment dropped off a little and the pressure of demand upon our markets was less intense, we have found that the momentum of wage increases, of other cost increases, of price increases, has kept up. That is now the chief constraint upon our policy.

Nor is our problem simply the actual price increases taking place now. What is most disturbing is the growing tendency to expect that prices will continue rising year after year in the future. It is this amongst other factors which is causing workers to seek such high wage settlements. It is this which is causing investors in this country and elsewhere to seek such high interest rates. It is this which is causing despair among the old and others with fixed incomes, especially those who are living on the savings they have made over many years. It is this which is creating uncertainty in the minds of those whose productive investment must give us more and better jobs in the future. It is this expectation of steadily and continuously rising prices, most fundamentally, which is the concern of those who must choose between investments in Canada and investments elsewhere. Therefore, Mr. Chairman, the government feels it must ask parliament now to adopt further financial measures of an anti-inflationary character.

The country needs a clear demonstration that parliament is willing to take a determined stand against inflation even when such a stand requires that temporarily other objectives must be given second place. If we here are not willing to take the action that our great responsibilities require us to take, what can we expect of others?

We must give priority in our fiscal policy to resisting inflation. We must also plan, in consultation with business, with labour, and with all those whose decisions are important in determining prices, a means of greater understanding of the mutual danger of excessive increases in prices and in wages and other costs by which those in positions of strength can exploit their market power under present circumstances.

We cannot accomplish this direct influence upon prices and wages by imposing a system of controls upon our economy. We do not have the legal jurisdiction here in parliament to do it nor could we expect under peacetime conditions to solve the multitude of detailed problems that would require solution in exercising a rigid program of this kind. We are essentially a market economy exposed to the markets of the world. By and large, over the decades we have prospered by reason of this open economy. We have developed and expanded faster than almost any other country in the past 30 years. It would be retrograde and unnecessary to abandon all the advantages we derive from operating as a market economy, including not only the markets for goods and services but the markets for labour and for capital. On the other hand, we have to reconcile our over-all economic policies and to achieve our basic economic goals, within the framework of free markets.

Instead of legal controls we must use whatever powers of persuasion and influence we can muster in order to bring about pricing decisions and wage settlements that take into account the overwhelming public interest in price stability. Our purpose and program, which will, as I have said, revolve about the establishment of a board of review, will be to get price stability with a higher current level of employment than we could have if we relied only on fiscal and monetary measures to achieve our ends.

I have been glad to hear and see what the Leader of the Opposition has said on this subject within the last few days and I had the opportunity today of seeing something that

was said by the New Democratic party on the subject. It seems to me that there is a good deal of agreement on all sides of the house with the general approach to this subject as I have outlined it.

Mr. Churchill: What about the Créditistes?

Mr. Sharp: I hope that we shall find in this debate and in the measures to be taken the groundwork for an agreed set of policies that will enable us to continue our prosperity without inflation.

May I conclude by emphasizing that the present international circumstances make it urgent, and I cannot emphasize this too much, that we deal as promptly as possible with the measures that are now necessary.

Mr. Lambert: Mr. Chairman, the Minister of Finance finished his peroration with this sentence:

> I hope that we shall find in this debate and in the measures to be taken the groundwork for an agreed set of policies that will enable us to continue our prosperity without inflation.

• (3:40 p.m.)

The fact is that we have had prosperity with inflation. This government, in spite of many warnings, has continued its action heedless of inflation. We now find these latter day converts concerned about problems of inflation. The statement made by the minister is fraught with paradoxes. We find reference to the United States, the expanding economy, the pressure on prices and other factors. Canada is not fighting the Viet Nam war. We do not have shortages of commodities, goods and other things because of a war effort. I can understand how in the United States tax measures may be orthodox. They are attempting to siphon off demand, but who has suggested that the demand in Canada has ever been excessive? I have never heard of a shortage of goods or a shortage of labour, at least in most places; yet we are trying to deal with the problem of inflation, which this government has become aware of belatedly, by seeking to emulate our neighbour to the south.

I was interested in the nature of the reply the Minister of Finance made yesterday to a question I asked, as recorded on page 7272 of *Hansard*:

> —in light of the rather disturbing reports yesterday and this morning concerning our currency, is the Minister of Finance in a position to advise the house what steps Canada may be taking to protect the level of the Canadian dollar?

[Mr. Sharp.]

In part the minister said:

> —I hope parliament will support this government in its endeavour to raise the necessary revenues which are part of the pattern to give confidence to foreigners and Canadians that the Canadian dollar is worth its present parity position.

Let us look at those words. I detect, not only in that reply but elsewhere, an implication that the present crisis is the result of parliament taking irresponsible action in rejecting Bill C-193. Let me immediately reject that suggestion. It is with a strong feeling of arrogance that the government would attempt to put forward such an argument. The opposition was acting within its responsibility. It never liked the proposal announced in the mini-budget toward the end of last November when there was no apparent pressure on the Canadian dollar. The pressure on the Canadian dollar, to the extent it has now developed, developed since January as a consequence of the devaluation of the pound sterling and subsequent pressure on the United States dollar. Since the Canadian dollar is the second dollar currency in the world we were bound to be on the front line of any assault on the United States dollar. It is quite wrong to suggest that parliament contributed to the present pressure crisis.

It was the view of the opposition that the proposed tax measure was wrong, that it was inflationary and unnecessary at the time. The opposition had the right to reject it just as it has the right to reject the proposals to be announced later this day if it considers them to be improper. The opposition will consider the proposals with great care. The government does not have a monopoly on concern for the value of the Canadian dollar. This concern is shared equally by the opposition. We will consider the government's proposals with care and there certainly will not be any conscious effort to impede the implementation of any measure we consider to be reasonable and justifiable.

Having said that, let me hasten to add that the statement made by the Minister of Finance yesterday implied that by increasing government revenues we will restore confidence. Surely this totally ignores any cutback in governmental expenditures. It is clear from the economic sermon delivered by the minister this afternoon that he feels he must tax to raise revenue and thus restore confidence in the Canadian dollar. Surely that is wrong.

The minister has clearly admitted and demonstrated the degree of inflation which

has taken place in the past year. This inflation is not classic in the sense that there is too much money chasing too few goods. The minister proposes by taxation to curb inflation. Are we to buy fewer goods made in Canada? Shall we employ fewer Canadians and therefore create new unemployment? This is what will happen to the extent that this measure is effective in curbing the consumption of Canadian goods and services. Have prices gone up because goods are scarce? That is not the case.

I still wonder what measure is to be placed before us today. In this connection let us consider the level of government expenditure. The minister has said there will be a reduction of some $75 million, although he has not indicated in what sector, and I think it would be idle to speculate in this regard. Perhaps he intends to accelerate the reduction of our defence expenditures. Perhaps he feels that a freeze in the number of public servants will result in some saving. Perhaps he plans to cut back on other government programs. In any event, these government reductions must be realistic.

I have always maintained that provincial and municipal governments share a responsibility with the federal government in respect of our economy. At this time the provincial legislatures have either received or are about to receive provincial budgets. The government of Canada should set an example regarding realistic anti-inflationary measures. We all suffer because of inflation.

• (3:50 p.m.)

We had the comic opera exercise at the time of the budget debate when the President of the Treasury Board said that the government was limiting its expenditures and had cut all the fat from them. Yet we are told we are going to limit the increase to something like 4.5 per cent. When we compared the figures of the first estimates for 1968-69 with those for 1967-68 we found there was an increase more like 8 per cent. Even if we take into account the supplementary estimates we are now considering, next year's estimates are close to 6 per cent higher than the total estimates of 1967-68.

Suggestions have been made with regard to realistic anti-inflationary measures that could be adopted. I ask hon. members to read the report of the Auditor General and his references to the unimplemented recommendations of the royal commission on government organization. This report is to parliament; it is not a report to the government. The report assesses the performance of the government. We see what little regard has been paid to the recommendations of the public accounts committee and of the Auditor General. It is as though the government says: We have to have these reports; they are a hair-shirt we must wear but we will ignore them as much as possible.

In Montreal this week the Leader of the Opposition indicated his willingness to support government measures to counter inflation and support the Canadian dollar, but he is not certain that new taxes are the only way to achieve these ends. We want to know precisely what the government has done in the past year with regard to implementing the recommendations of the Glassco report and what it intends to do this year. I have referred to the Auditor General's strictures with regard to non-performance in this connection, and that section of the report on page five should certainly make the government hide its face in embarrassment.

There was a reference by the Minister of Finance to, shall we say, the manufacturing of a crisis. He did not use the phrase "manufacturing a crisis" but he certainly referred to the situation. He delivered a lecture to the communications media about exaggerating political uncertainty, and he said on page 4 of his speech:

> It makes news to keep saying we face a financial crisis; that the government in Canada will be or may be paralysed by political developments.

I wish he had told the Prime Minister about that. When the Prime Minister went on television that Wednesday evening we were given one of the best performances in how to stoke the fires of crisis. That lesson should be administered right within the government.

With regard to the announcement by the minister that he will later today table two resolutions with reference to tax measures, I say it must be the government's responsibility to choose the methods which it deems best suited to deal with the problem not only of inflation but of the pressure on the Canadian dollar. It is the responsibility of the government to choose its methods. It is not the responsibility nor the obligation of the opposition to be blackjacked or pressured into accepting them as being the answers.

After all, we heard the Minister of Justice say the other afternoon: We are the elected; we are the ones to choose. I say, all right, if that is what he says then the responsibility lies directly with those on the other side of the chamber and the government must be

held accountable for any measures it introduces. If the government fails to provide methods satisfactory to the opposition the opposition will decide, in the light of the circumstances, whether they are proper measures and the government cannot say: You must not turn down our proposals or you will further aggravate the international crisis.

The problem of the parity of currencies is an international one. The United States faces a more serious problem in this regard than we do. They propose to take certain steps according to the conditions that exist in that country. Britain, too, has taken steps and may have to take further steps. But Britain will have a budget in two weeks' time. Why should we not be having a full-scale budget rather than one of these piecemeal propositions? After all, a budget during the month of March is not an unheard of thing. The only complication is the leadership race. This anchors the action or inaction of the government. Frankly, Mr. Chairman, it is my view that ultimately only a full-scale budget can help to restore full public confidence.

We must have the information upon which the government relies to advance its programs. We must know the full amount of the deficit for 1968-69 and the exact amount of taxes required to meet the deficit. We must know, for instance, just what the Expo deficit will be and how the government intends to cope with it. If the government persists in its intention to proceed with medicare on July 1 we must know what it intends to do with regard to the taxes that the minister and his associates have said will have to be imposed in order to pay for medicare. We need information in regard to these matters.

We heard this afternoon another interim statement, another in a series of ad hoc measures. I say, Mr. Chairman, that the sooner we have a full-scale budget the better off we will be. As a matter of fact, I would say that the lack of a budget at this time gives the impression that the government may not be telling the whole story about the economy and may be holding back until after its April convention. This adds to the confusion, to the inability to look ahead and to the general uncertainty which now prevails in the markets.

• (4:00 p.m.)

The government's failure to implement sound policies in the past and control its fiscal commitments has led it into an impassé where high taxes, inflation, high interest rates and high costs have rendered the economy vulnerable to outside pressures. Had the government maintained a sound economy and the prosperity about which the minister spoke and to which we are entitled, Canada would be in a much better position today to meet the pressures from outside this country without the anxieties that we now have. I suggest that only by the formulation and adoption of sound and realistic policies backed up by a full-scale budget at the earliest possible opportunity can we get to this point.

[Mr. Lambert.]

There will be much comment on the minister's statement. I have said that I refuse to speculate about the nature of the taxes. We will wait to see what happens. There are to be cuts in expenditures. We will also have to wait to see before we comment on them. Within a day or two there is also to be a proposal concerning restraint on increases in prices and wages and other costs and incomes, based upon a board of review. It will be very interesting to see just what is intended. Will this board be given powers of compulsion and powers of roll-back? Will these apply to prices and to wages? In the case of wages, what does the government intend to do with respect to labour negotiations? I find all this very interesting, and I wonder just how much the government will rely upon such a board of review.

I am particularly concerned—and I think we will hear more—about the effect of the restraint on direct investment in Canada, especially with regard to the oil and gas industries. Last Friday night I attended the presentation of the budget in the Alberta legislature. What had been an estimated deficit of some $68 million had increased to $100 million because there was a $40 million shortfall in revenues, from capital sales revenues in the oil and gas industries. Certainly some of it was occasioned by an apprehension with regard to the intentions of this government arising out of the Carter report. There are no two ways about it. This factor has seriously affected the development of the oil and gas industries in the past year. Second, what will be the effect on the direct flow of investment into Canada in connection with the petroleum industry in the forthcoming year? This affects not only the province of Alberta but also Saskatchewan and British Columbia, although Alberta is the one to suffer most. This has implications with regard to the equalization formulas. Ultimately the government will have to make certain adjustments.

I insist upon the necessity for the government to continue to bring to the attention of

our friends to the south the gravely negative effects of the action of the United States concerning problems of its own, which it envisages vis-à-vis foreign nations and which has such a decided effect on Canada. As a matter of fact the effects of such action are completely contrary to their expectations. We will certainly be very interested to note what proposals the United States may implement with regard to tariff surcharges or border taxes, and anything dealing with the trade problems of the United States and Europe in particular. When their effect on Canada is considered we can only call them an unmitigated disaster.

On the basis of what has been said so far we will want to examine the minister's statement at greater length, and in the debate which will follow my colleagues will be dealing with other aspects of what was said this afternoon. When the proposals are tabled or appear on the order paper we will certainly be in a far better position to comment in greater detail on what has been said.

Mr. Saltsman: Mr. Chairman, I was pleased to note that in his introductory statement today the minister said he was initiating a debate on the state of the economy. He has been most conciliatory. He has pointed out that the state of the economy will not be altered by the debate which will take place in the house. I hope that in discussing the points raised by the minister we will have an opportunity to come to grips with some of the basic economic difficulties facing our country.

Over the last year the Canadian economy has to a large extent been tailspinning out of control. The minister has indicated that some of the problems involved are international in scope and beyond our immediate ability to control. We have urged upon the minister in many speeches that he take firmer control of the economy and give it leadership and direction, and again in the course of many speeches we have asked that certain steps be taken in this direction. We have indicated our willingness to support measures designed to strengthen the position of the Canadian economy.

In his remarks today the minister indicated he was going to establish a board of review. We are not quite sure what he means by that. Presumably, and hopefully, he will establish a board of review based on the suggestions we have been making for a number of years concerning a prices review board. In the past he has tended to say that there is no need for a review of that type, and therefore we are pleased to see that he is at least giving some consideration to the necessity of reviewing the price situation in this country.

One of the regrettable features of the minister's statement was the continuous emphasis on rising labour costs in Canada and the blame he attached to that. Yet he did not find fault with the low productivity in Canada which is a result of the incredible mismanagement of our industry. Surely the blame for low productivity must be put on management rather than on labour. Labour does not organize an industry, labour merely responds to conditions in an industry.

• (4:10 p.m.)

There is information available which indicates that, despite a much higher capital input, a much higher ratio of capital per worker in Canada, we have a much lower level of productivity. Many reports indicate why this is so. Capital is not being applied in the most productive manner. I believe the Minister of Industry commented on this fact and I believe the Minister of Finance as well as other members of the cabinet are aware of this difficulty and of the need to make changes in the structure of Canadian industry. The Watkins committee lays heavy emphasis on this aspect. It is not that we feel there is an unawareness of this problem but we do say that the actions taken by various ministers in the government have not been adequate to the challenges facing the Canadian economy. It is just not good enough to blame labour for the slow growth in productivity in Canada at a time when it is fairly obvious that much of the blame should be laid on the shoulders of the branch plant economy that has developed in this country.

We have asked for the setting of an investment policy for Canada, for the setting of priorities because it is obvious to all that we cannot spend money on everything. A country has to determine those things which are important to its progress and see that the money and the resources are allocated to those purposes. A few weeks ago I made a speech on the subject of capital investment in Canada in which I pointed out the gross misallocation of resources in the industries of this country and the excessive productive capacity that has developed largely because of our tax structure. This was one of the major points made by the Carter commission which pointed out that our tax structure stimulated the flow of capital to some of our industries. The previous speaker mentioned the oil industry and commented on their

shortfall in revenues. He blamed the lack of capital investment, but the point of the matter is that the whole oil industry was led into this position because the investment which has taken place was inspired by the inequitable tax system. Sooner or later the day of reckoning had to arrive, and it has arrived.

We have also called for a floating exchange rate. We are not saying we should have a floating exchange rate in this country because we want to isolate ourselves from what is going on in the world. We are not saying, let us look after ourselves and let the rest of the world look after themselves. I think a floating exchange rate would benefit Canada and would certainly benefit the United States as well in many ways. They would then not have to worry about whether or not the earnings on their dollars could remain in Canada. I think it makes sense for a country like Canada to have a floating exchange rate. I believe this position is endorsed by many of the leading economists in this country, particularly since we are, as the minister himself has said, one of the most vulnerable economies in the world.

I want to take a moment to deal with the question of a vulnerable and open economy. There is no basic reason why Canada has to have this kind of vulnerable and open economy. It is true we have benefited to a considerable extent from our willingness to admit capital, to admit investors into Canada. However, surely we could have obtained all these benefits and perhaps more with some kind of regulation, some kind of discretion as to the use of capital which entered Canada.

We have only to look at a country like Japan, whose growth has been much greater than Canada's, to see how policies designed to control the use of foreign capital coming into a country have worked. Japan says to the outside investor: We are delighted to have you here but we expect you to behave as a citizen of this country and to use your capital under terms which we consider to be in the best interests of our nation rather than the best interests of your nation. I think we have a right to ask this of foreign investors in this country; I think we have a right to ask this of our own investors in Canada.

We have pointed out also the difficulties created in terms of fiscal management in this country as a result of our commitment to the United States to hold reserves at a certain amount. I believe that we should get out of that commitment as rapidly as we possibly can.

We have repeatedly asked that the recommendations of the Carter commission be implemented. Members on the government side, in an effort to embarrass our party, have asked us if we want to implement all the recommendations. There are some recommendations in that report that would have effects with which we are not entirely in agreement. However, we think the Carter commission proposals, as a package, are of such overriding benefit to this country that we are prepared to take some of the disadvantages inherent in the report in order to gain the much greater advantages which the report would provide for Canadians. It would create a more equitable tax system than we have now. It would make for a better allocation of resources. It would make everyone in this country bear his full share of the operating costs of running a country like Canada rather than have the burden of taxation fall too heavily on the shoulders of the low and middle income groups. There is no reason why insurance companies should not carry their share, or mining companies or oil companies.

Recently the Watkins report was tabled in the house, and I think it is a great report. It is not a very radical report but it goes a considerable distance in pointing out the difficulties that have been created by foreign investment in Canada. I would have thought the government would implement that report immediately and would indicate its support for many of its recommendations. I should like to say on behalf of myself and many of my colleagues that we support the Watkins report. We think it is a good report. We urge the government to accept some of the major recommendations in that report.

Certainly the government should move rapidly to implement the Canada Development Corporation. They should move to ensure that disclosure by corporations is made mandatory. Then we could have a look at what is going on and the effects these corporations have on the Canadian economy. I believe the government should move rapidly to establish a trading corporation to ensure that those nations in the world that wish to trade with Canada are given an opportunity of trading on the basis of commercial transactions alone rather than being frustrated by having another country's foreign policy imposed on Canadian manufacturers.

We have asked the Minister of Finance—I hope he will excuse this expression—to get

off his knees and stop grovelling to the financial interests of this and other countries. We have asked him to exercise the political sovereignty that the government possesses on behalf of the Canadian people. The choice he must make is to decide who his friends will be, whether they will be the vast majority of Canadians who through the electoral process have sent a political party here to be their government and to represent them or whether they will be the small group of people who have traditionally been shortsighted and stupid in terms of their outlook toward the management of the country's finances.

I rather suspect that we are not talking about a villain when we talk about some of these traditionalists. They are not really villains. I believe it is just that in their efforts to resist change, in their efforts to effect political sovereignty, in their efforts to prevent the government from acting on behalf of the people, they are being shortsighted and stupid. It is for the government to correct this attitude.

• (4:20 p.m.)

The Minister of Finance stated today that the traditional instruments of fiscal and monetary policy are no longer entirely adequate to handle the sort of problems facing the country. I have pointed out to the minister on a number of occasions that he was always hinting at this but never came out boldly and stated as much. Today he did do so, Mr. Chairman, and we in this party are delighted that he has finally taken this position. I recognize the limitations of trying to manage the economy of Canada by adopting straightforward fiscal and monetary policies only. Obviously there is a need for other methods of correcting the defects of the market system.

It is the feeling of this party that the government could have done even better with the traditional instruments of fiscal and monetary policy than they have. The effectiveness of these traditional instruments has been limited by various commitments of the government in different areas. Some that I have mentioned are the commitment to the United States to maintain a ceiling on reserves, the commitment to a fixed exchange rate, the refusal to examine investment policies and capital flow policies and, incidentally, the refusal to consider some form of exchange control.

I would not be surprised if shortly, despite the minister's intention to raise objection to it, we do have some form of exchange control. We are fooled no longer by the violent protests of the minister regarding things like a prices review board, because a few weeks after protesting he brings in such a board or something like it. I think there is a necessity for exchange control. This has been clearly recognized by one of his competitors in the leadership race, who has pointed out that we cannot rely on the good will alone of the United States, good though their intentions may be. After all, subsidiaries in Canada of United States corporations cannot always be effectively controlled, and we cannot rely on their good will to restrain the flow of money out of this country. Therefore we may have to take positive measures to prevent an indirect attack on the Canadian dollar as a result of excessive repatriation of interest and dividends from Canada.

It is difficult to know exactly what the government will propose in its new tax measures, but one thing seems fairly clear. The government still intends to raise approximately the same amount of revenue that it intended to raise with the previous 5 per cent surtax. One would have thought that the government, having been saved from its own shortsightedness and bungling which brought about its defeat, would have taken the reprieve given to it to re-examine its policy and to recognize that trying to balance a budget at this time is no answer to the problems facing the country.

We have in Canada a high level of unemployment. I am sure the Minister of Finance is not happy about the level of unemployment and would like to do something about it, but he seems to have given the subject lesser priority than price stability. In fact, he has given it no priority at all. However, I want to give the minister the benefit of the doubt in this regard. The minister has had a breathing spell and he should have recognized that this is no time to talk about balanced budgets. There is today, in addition to a high level of unemployment, slow growth in the economy, unused capacity and a need in many sectors to increase demand. If such need were met, then some of the revenue required would accrue to the government automatically.

This is not to say that there are not times when taxation is necessary. Sometimes taxation is necessary to pay for certain programs. We are not going to stand here and be placed in the position of arguing that certain government expenditure is required and then refuse to acknowledge the necessity for taxation to

pay for such expenditure. However, taxation must be fair and equitable if it is to exist at all, and we do not consider that the previous proposal introduced by the government was fair and equitable in the least.

I suspect that the new proposal of the government is along similar lines, that the minister is not bringing in the recommendation of a capital gains tax or the recommendation that parliament accept the proposals of the Carter commission but will still tax the same group he intended to tax previously. If this is the case, then it is not the answer to the problem of raising revenue, nor is it a fair approach to that problem.

We are not unaware of the minister's difficulty. We recognize that he has had a whole set of problems converge on him at the same time. Many of the problems that the government of Canada is facing are extremely hard to solve. We know that the government needs money desperately. A look at the financing requirements of the government for this year indicates that they have to raise approximately $2 billion just to refinance bond issues. Last year catastrophe was averted by pressing the bonds that the government had issued upon the chartered banks. If it were not for the fact that the chartered banks picked up many of those bonds the government would have found itself in a very severe crisis last year.

The figures indicate that the public is selling government bonds and that it is very difficult to market new issues. The minister has probably reached the limit in terms of pressing further bonds upon the banks; apparently the minister does not want to increase the money supply, and these two would go together. The minister might increase the secondary reserve requirements of the banks, which might have the effect of forcing the banks to pick up government issues. He might also be able to sell his bonds by raising interest rates even higher than they are. However, I am sure he would not dare do this, nor would it be advisable to do so because interest rates today are the highest in Canadian history.

If such a program were proceeded with the cost to the treasury would be high and the tendency of the public to get out of the government bond market would strengthen. Therefore, much of the minister's energy seems to be directed toward protecting the position and adjusting domestic policies to meet this challenge.

[Mr. Saltsman.]

We should like the minister to answer some questions in the course of this debate. We should like him to tell us why he does not move into a planned or more managed economy rather than have our economy dragged around by the continual changes in the international and domestic money markets. It will not do the minister any good to avoid giving this kind of answer by making a smart alec reply to the effect that we are not at war. For many people in desperate straits in this country the situation is as urgent as if we were at war. Neither will it do the minister any good to say: Look what happened to Great Britain. You cannot make a comparison between the economy of Canada and the economy of Great Britain.

• (4:30 p.m.)

The minister must give us a straightforward answer and say why he will not manage our economy to a greater extent than in the past. The government, which has been given the responsibility of managing the nation's affairs, has failed in its responsibility and it seems clear to us that its actions are designed to satisfy something known as market confidence or investors' confidence. Investors must be placated with the present tax measures. Clearly, tax measures alone are not enough to restore the confidence of investors in this country. Also, if the Carter commission recommendations were implemented the confidence of investors in this country would not be restored. But investors are not the only ones to be considered. I suggest that the minister ought to seek the wider confidence of all the people of Canada.

Some hon. Members: Hear, hear.

Mr. Saltsman: On one occasion, when arguing with hon. members of this party, the minister said that even if he adopted the recommendations of the Carter commission his immediate cash requirements would not be satisfied since it would take years before the problems were ironed out. We recognize that. We say that if he is prepared to implement the Carter commission's recommendation that mining companies, oil companies and insurance companies ought to bear their fair share of taxes, interim steps to improve his cash position could be taken. Our willingness to go along with those interim steps depends on the minister's willingness to implement the recommendations of the Carter commission. If the people of Canada feel that their tax system is to be more equitable no doubt they

will be willing to accept the imposition of a refundable tax, their money to be refunded when revenues from the various sources spoken of by Carter become available to the government.

The minister ought to take steps to make the money which federal, provincial and municipal governments need, cheaper. Tax relief ought to be provided for those who hold federal, provincial or municipal bonds. After all, those who receive dividends from Canadian corporations are eligible for a 20 per cent tax credit. Why should a similar credit not be available to those who hold various forms of government bonds? Instead of providing relief for those who acquire dividends I think we would be more justified in providing tax relief for those who derive money from government bonds.

It is important for the government to pursue expansionist policies since they would bring it added revenues without changing the tax rates. Considerable evidence shows that an increase in the gross national product brings with it an increase in the government's revenues without any change in tax rates being necessary.

Today we have suggested some alternative courses of action open to the government and we hope that the government will accept some of our suggestions. Above all, I hope the government is detemined to direct our economy. I hope it will not permit our economy to be dragged down by those in this country who have a traditional, financial stake in the mismanagement of the nation.

[*Translation*]

Mr. Laprise: Mr. Chairman, I am not in the habit of making compliments—it may be a weakness of mine—but I should not like the Minister of Agriculture (Mr. Greene) to be pleased with himself for the way he approached the study of his estimates last Friday. Still, I feel he was kinder in a way than the hon. Minister of Finance (Mr. Sharp) was this afternoon. The Minister of Agriculture had nothing new to tell us and so he kept quiet. The Minister of Finance should have done the same this afternoon, seeing he did not announce anything new with regard to a situation which the Canadian public and the members already know.

The hon. minister tried to argue the case of the government. He was replying to those who say or claim, just about everywhere, that Canada and the Canadian government are going through a major crisis, saying that this is false and that all is well as far as the administration of the country is concerned.

While listening to the Minister of Finance, however, we realized that Canada is in a most precarious financial situation, which is causing him concern. The minister delivered a speech of an anti-inflationary character. He is worried about the ever increasing price index which is causing the purchasing power to decrease constantly, but he does not seem to know why. Bill No. C-193, introduced by the minister after his mini-budget of November 30, 1967, was designed to check inflation, but at the same time, it reduced the purchasing power and prevented personal spending. On the other hand, the minister announced at the same time last fall, through his colleague, the Minister of National Revenue (Mr. Benson), restrictions on government investments. That was the usual way for the government to control the continued increase in prices.

Looking back a few years, we find that this method is not entirely new. In fact, since the second world war, the government has been increasing taxes once or twice a year, in an effort to keep the cost of living under control. However, the cost of living index has been climbing ever since. As a matter of fact, in 1947, when the 1939 index was still being used, it had increased so much that the government became reluctant to use it as a basis. It was then abandoned and the 1949 index was used, starting from zero, which was less embarrassing for the government.

Since 1949, the price index has gone up to about 155 points, an increase of 55 points. If higher taxes and a curtailing of purchasing power could really check inflation, why has this not happened in the last 20 or 25 years?

Mr. Chairman, the higher taxes advocated by the Minister of Finance as a means of controlling inflation will have the opposite effect: they will increase inflation and make the price index go up, while at the same time creating other problems for the Canadian consumer. The hon. minister is greatly preoccupied with trade, but does he give as much thought to the Canadian people themselves? In my opinion, that is the least of his problems.

The government wants to balance its budget but it upsets the taxpayer's budget. Thus, the opposite effect occurs.

• (4:40 p.m.)

Mr. Chairman, in my opinion, the hon. Minister of Finance has no solution to offer, as he admits in his statement. His main concern is to preserve the value of the dollar,

and he does so at the expense of the Canadian individual. Again, I think that the minister, or the government, is going the wrong way about it and what happened two weeks ago should have served as a lesson. The hon. minister, as we saw, was ill-advised since he did not bring in anything new. He keeps on taxing the small taxpayer, the worker, who contributes effectively to the development of the country.

In order to balance its budget and thereby appear in a better light in the eyes of the public, the government has only two alternatives: to keep on taxing or to limit public investment.

Mr. Chairman, for years now we have been offered solutions which have never solved anything, but they keep going in the same direction.

During his speech, the minister told us very clearly that he had stated a few days ago that the bonds which will come to maturity in 1968 will be reconverted, that is to say they will be exchanged for new ones. That reminds me a little of those days, many years ago, during the Spanish flu epidemic when it was impossible to keep up with the burials. Old corpses were replaced by younger ones and it seemed that the problem had been solved. That is somewhat the solution the Minister of Finance is offering us: Exchange old bonds for new ones. What happens then? The bonds sold in 1959, possibly bearing interest at 4 per cent, will be reconverted this year and the government will have to pay an interest rate of 5, 5¼ and 5½ per cent. That solution is not really a solution, because it might create new problems in the fiscal system and the administration of the country.

The minister seems to seek ways to get out from under, but to no avail. Suggestions are made to him from everywhere. The previous speaker offered a few. I must say immediately that I am opposed to the suggestions of the N.D.P. member. He urged the minister to implement the recommendations of the Carter report, that is taxing corporations instead of taxpayers or workers.

At first glance, that seems a very good solution, from the direct standpoint of the worker; however, very few realize that every cent paid in taxes by corporations comes from the consumers' pockets. It is well known that taxes paid by businessmen and corporations come from the taxpayers' pockets; again it is the consumer who has to foot the bill.

The New Democratic party member has also suggested that government bonds, either federal, provincial or municipal should be exempt from taxation. There again, Mr. Chairman, that would be an incentive for the public to invest money, while savings should be directed mostly to private enterprise.

We rightly complain that Americans are in control of 75 to 80 per cent of our industries, our trade, our business. This situation would only worsen if the suggestion made by the spokesman for the New Democratic party were to be followed. I think we should do the opposite and allow the savings to be directed toward private enterprise in order to recover control of our industries, our trade and our business.

That is why the Ralliement Créditiste, which is quite the opposite of state socialism, proposes that the Bank of Canada finance without interest all public bodies, namely, the federal and provincial governments, municipalities and school boards—

Mr. Schreyer: This is financial socialism.

Mr. Laprise: No, it is not.

In this way, Mr. Chairman, savings would be directed towards industry and private enterprise, and Canadians would become the owners of their businesses, their industries and their undertakings. It might take a few years, but it is the only way to regain control of our country, of our destiny, without having to submit to foreign influences.

The minister is always wondering where money is to be found. If he feels advisable to confine himself to Bill No. C-193 so long as other proposals are not submitted to him, I suggest that Social Credit has offered a solution a long time ago. He finds it unsuitable, but he forgets to propose anything better.

He proved once again this afternoon that the existing capitalist system is obsolete. We are not suggesting that he replace it entirely; we are merely saying that it should be reformed and put in order, because the present system is disorderly.

If the minister had implemented the suggestions that Social Credit has been making for many years, he would not be at a loss to balance his budget and to administer the nation's business, since he would have sufficient revenue. He would have enough economic and financial power to administer government affairs appropriately and to encourage investments as needed for the country's development.

We would not be facing, as we are now, an employment or rather an unemployment crisis. There are now some 500,000 unemployed in Canada, 70,600 of which are in Montreal. Those are the most recent figures.

If the minister or the government had asked the Bank of Canada, as I said previously, to provide the funds needed for government purposes, we would not be paying $1,406,849,000 as interest for this year alone on our national debt. If we could eliminate this interest, there would be no deficit, and the hon. minister and the government would be able to promote public investment. He could avoid many problems and, furthermore, better considerably the standard of living of Canadian families, that is, of the consumers and taxpayers. In my opinion, that is the first duty of a government, and it is something that the present government seems to forget too often.

The minister did not tell us this afternoon what he intends to propose to remedy the situation. The representative of the Progressive Conservative party did not offer any solution, and that of the New Democratic party suggested socialist remedies which are already obsolete in other countries where they were applied 10, 20 and even 50 years ago.

It seems, Mr. Chairman, that the hon. minister refuses to recognize the Social Credit solution, which consists in using the Bank of Canada—our bank, the bank of the Canadian people—to issue the capital necessary to run the country. We do not suggest that it should issue all the capital, but the Bank of Canada should invest in the public sector, and the savings of the people should be used for private investment. If that were done, I feel that many problems, including the housing problem, could be solved.

• (4:50 p.m.)

The minister told us that last year fewer houses were built than had been expected. Even more are promised this year but, in view of what happened in previous years, we know beforehand that such a level will not be reached, because the interest rate on housing loans, if they attract investors, fail to attract those who want to become homeowners. That is why I feel that financiers may build houses but nobody will buy them.

Mr. Chairman, the government has no solution to offer. The minister has not added anything new to what we already know. If he wants to be serious, he will have to seek elsewhere than in the old system which we have known for so many years. Otherwise, inflation will keep increasing, because the minister continues to administer in the same way.

Consequently, Mr. Chairman, the Minister of Finance should not dismiss Social Credit suggestions. I am convinced that he has considered them and if, as he already said, he does not have a free hand, he should at least tell us what is stopping him. Maybe the world and our country are being run by great financiers, but he should know that the Canadian people are ready to support the party that will endeavour to rid Canada of those financiers hidden behind the curtains. I think that the minister will then be assured of the support of all Canadians. As long as the government does not take any step to improve the situation, we will remain in the present chaos.

We do not have to blame the United States, Great Britain or other European countries. We are told that they are also experiencing difficulties with their monetary system. Now, if they have troubles, we should not follow their methods but adopt new ones; we should study them carefully and thoroughly in the interest of Canadian taxpayers.

Mr. Chairman, I think that during this debate, we will again have the opportunity to hear our spokesmen who will try to state more specifically the arguments set forth this afternoon. I have had very little time to study the statement made by the hon. minister, but I am still of the opinion that he did not tell us anything new this afternoon.

He tried to tell us that there is no financial crisis in Canada or in the world. But, studying current events, I wonder, Mr. Chairman, if we are not facing a world crisis similar to that of 1929, whether we may not soon be confronted with a world war comparable to that which broke out in 1939. Well, both should be avoided!

The government must take the lead and take the necessary steps to prevent internal chaos in Canada, after which we will be in a position to set an example for other countries.

Mr. Chairman, I hope that, in the course of this debate as well as in the statement he will probably make tomorrow, the hon. minister will bring something really new with a view to improving the present critical situation in Canada. Otherwise, we will be forced to fight against the government on all fronts, that is, we will have to oppose any increase in taxes

which continuously threatens the individual, the Canadian worker.

[*English*]

Mr. Thompson: Mr. Chairman, in rising to speak in this debate in response to the remarks of the Minister of Finance today may I say at the outset that I respect the counsel of the Minister of Finance in his warning that we are indeed in very serious financial difficulty and that unless the problem is handled wisely and carefully we will continue in a situation which could become catastrophic for the country. I agree with the minister's statement in this regard because I think the situation is serious at the present time. One has only to note the handwriting on the wall and the signs of the seasons, so to speak, to understand that this is true. So while it is necessary for me in responding to the minister's remarks to be critical of the government's policies which I believe have created much of the difficulty we face today, I speak in the hope that even yet the minister will act as I believe he should have acted long ago in an effort to bring some order at least out of the threatening financial chaos.

The most impressive aspect of the minister's speech was not so much what he said but rather what he did not say. The minister gravely warned Canadians that Canada faces economic pressures. He has gamely given up, at least temporarily, participation in his party's leadership race because he must devote his energies to the critical problems which are his responsibility as Minister of Finance. Yes, this is a great sacrifice he is making. But if this is the truth of the situation he is now reaping what he has been sowing for the last several years. We can but offer him our sympathy and hope that he will at least be able to hold the old ship steady until other measures take the place of the present policies.

Although the Minister of Finance did not say so, much of the problem he now faces is of his own making. He pleads for understanding by and co-operation from the opposition. I only wish he had listened to some of the advice given him three or four years ago from this corner of the house. Over and over again ever since the Liberal government assumed the responsibilities of office the Social Credit party through its spokesmen has warned both the present Minister of Finance and his predecessor that unless the inevitable and relentless increase in government expenditure was kept at a level compatible with the increase in the level of productivity of the nation we were headed for trouble. We warned, to no avail, that the constant increase in government debt through deficit financing would lead to catastrophe. We warned about as well the fantastic increases in government growth and welfare spending. Bland smiles and sympathetic cynicism were about the best that we received. That was the only response.

• (5:00 p.m.)

We were not the only ones who warned the minister of the inevitable results of his policies. So did the Economic Council of Canada. In each of the council's four annual reports there have been repeated warnings about the unwarranted acceleration of government expenditures which continued to outpace the growth of government revenues. In fact, the economic council urged at least three years ago, and each year since, a decrease in government spending, an increase in productivity, a reduction in the large scale borrowings from the United States and the establishment of priorities in government spending. These warnings fell on deaf ears until the threat became obvious.

No better example of the paradoxical philosophy of the Minister of Finance and the government's financial policies can be found than in his attitude toward the implementation of medicare. In fact, he said only last January that medicare was not sound financially but that it was necessary politically. What kind of logic is this? The government is now forcing medicare on Canada and a minority of provinces—two, as a matter of fact, which for reasons best known to themselves are accepting the federal medicare proposition—moving the nation insidiously toward its implementation even though the consensus of the people of Canada is against it. This is something to think about. Yes, the government says, it will only require an increase of $50 million or $60 million this year, we will only have to raise taxes that much and the provinces will only have to increase their taxes correspondingly because only two provinces are going to implement it. How long are the rest of the people of Canada, who are going to pay through taxes the federal government's share of the cost of medicare for two provinces, going to pay money from which they will receive no benefit at all? I suggest it will not be very long. We are faced right now, because of the implementation of medicare on the first of July of this year, within the next several years with the prospect of an increase of $1 billion in taxes, half federal and half provin-

cial, on the basis of medicare as now proposed. What kind of policy is this?

The strange thing about the attitude of the conservative opposition is that basically they have supported the same type of program. Most of their members voted for medicare in the first place. When the financial critic of the official opposition began to speak today I thought that probably his many years in the province of Alberta had really brought results because he began by talking about the decrease in purchasing power and the inevitable tightening of the belt and said that the downward spiral was going to throw us into a depression that no one wanted. He said that this is the effect of raising taxes and interest rates. The tragedy of it all is that when he proceeded to enlarge his argument he went along with the position of the government and the policies the Minister of Finance advocated. According to his reasoning, apparently there is no sound or logical answer to the whole problem of sound financing. It is time we faced up to the reality of the fact that we cannot continue to go on as we are at the present time.

Another outstanding example we face now, which has resulted directly from the policies of the government, is the situation regarding interest rates. Under Central Mortgage and Housing Corporation the present interest rate is 8⅝ per cent and we are told it is going up at the end of the month to 8¾ per cent or 9 per cent. Prime bank interest rates on loans to the very highest classification of bank customers, as we have been told in the last week or two, are from 7 per cent up to 8 and 8¼ per cent. Normal mortgage interest rates through orthodox channels, apart from banks and government, are up to 10 per cent. I know of mortgage interest rates charged during the last few months as high as 12 per cent. How long can this continue?

The other day I carried out a brief research project into the history of depressions in this country going back to 1902. In every single case the depressions in Canada since that year have inevitably been preceded by abnormally high interest rates, and they have never been any higher than they are at the present time. Yet when we were debating the Bank Act revisions and we alone opposed an increase in bank rates, we were told by the Minister of Finance in the first place, by the governor of the Bank of Canada in the second place and by the president of the bankers' association in the third place, that if the ceiling on interest rates was removed, interest rates in the over-all picture would go down and there would be more money available. They took great pains to give assurances that this would be the case.

What has happened? Read the record. It is all there. Not for 40 or more years, if ever, during this century, have interest rates gone as high as they are now, at least so far as the little man who critically needs money is concerned. The other night the Minister of Agriculture boasted about the fact that more money had been made available to farmers under this administration during the last several years. Yet farm improvement loans, farm credit and even home improvement loans are impossible to obtain because the banks are not going to lend money at 6 per cent or 6½ per cent when they can get 8, 9, 10, 11 or 12 per cent. We are faced with the situation, critical and serious as it is, because of these inadequate government policies.

It is disturbing to know that repeatedly economists, the Economic Council of Canada and the opposition in this house have warned the government that their policies were leading Canada to financial confusion and difficulty but in spite of this the government encouraged the change in the Bank Act so the chartered banks would be able to raise their interest rates above 6 per cent. This government is responsible for raising the bank rate. It has never been higher and with the prospects ahead of us now it will be even higher.

In addition, the government has encouraged the financing of riskless savings bonds at the highest rate in the history of Canada so people can double their money in 13 years. At least that is what the advertising says. We have sold gold, which is in short supply at home at the present time, to the United States. It has cost the taxpayer millions of dollars to subsidize the gold mining industry. We have done so at the price set for gold 30 or 40 years ago, $35 per ounce. We go along with the United States and say the price of gold cannot be raised, yet gold is the only commodity in the world today that has not at least doubled, if not trebled or quadrupled, its value since 1935. Do we have to protect the policies of the United States by inevitably adopting the same policies here in Canada even though our position is much different? I do not mean to be anti-American in any way because we cannot afford such a luxury. We ought to be able to stand upon some logic and reason so far as our own policies are concerned, particularly in regard to the financial problems with which we are now dealing. Apparently we have to hang on

to a ragged coat-tail policy involving the perpetuation of the international monetary situation which has dried up the sources of international money and exchange to the point that today internationally, we are in even greater danger than we are at home.

• (5:10 p.m.)

I maintain that the policy of high interest rates is not a cure for Canada's economic problems. All it does is raise the cost of living for the Canadian people. It seems to me that the government could be doing much more to solve the problem about which the Minister of Finance was talking today by seeking to lower interest rates. Certainly in such a vital area of our economy as housing we should have a different policy so far as interest costs are concerned.

We are told that taxes have to be increased. We are today paying $1.4 billion of tax money just on the national debt which has never been greater, even in wartime. The minister pleads for understanding, but what kind of understanding can one apply to this kind of policy?

The minister has recommended the establishment of a board of review. What does this mean? I do not know. The minister did not attempt to enlarge upon it. If it means some kind of action and an authority that will do something toward solving the wage-cost problem which faces our farmers, the working man and Canadians generally, it may be good. But we do not know what it really means. At least, we do not know from what the minister said.

The minister talks about freezing the growth of the public service. That is a good way of economizing. It seems to me it would have been a good way to stop the increases in prices if the policy had been started last year or the year before or the year before that. The growth of governments has been double and sometimes triple the growth in productivity within the economy. Therefore we find ourselves being forced to consider more and more the alternatives that have been advanced by the President of the Privy Council who has sought to advocate to the Canadian people that the only way we can cure the problem is to adopt the policies of the socialist governments of other countries or those advocated by the New Democratic party in this house.

The spokesman for the New Democratic party said today that if we would adopt the recommendations of the Carter commission and the Watkins report perhaps this would solve our problems. All that is being asked in recommendations of this kind is that we kill the goose that lays the golden eggs and then throw the eggs away as well. Policies of the that kind have been proven inadequate over and over again by socialist governments of other lands.

[Mr. Thompson.]

It is a strange thing that many who look to socialism of one brand or another for economic salvation believe that if Harold Wilson could not retain mastery and initiative in administering the nation's business in Great Britain, nobody could. I will read a few words that were written by a wise old man who lives in Saskatoon. His name is A. P. Waldron and he writes in *The Western Producer*. I can think of no wiser sage in this country whose words the Minister of Finance should read. Mr. Waldron's comments are recorded each week in this western farm paper. This is what he said last week:

> The reason for Wilson's failure is that however radical and even revolutionary the socialist ideology may be in other sectors it seems to have a blind spot when it comes to the money system. Socialist governments and their treasury heads from Snowden on have always strictly adhered to policies of financial orthodoxy as do practically all professional economists. They submit almost without question to the edicts of the money power however humiliating because they believe as firmly as any banker in the soundness of what is called sound finance.
>
> Why socialists, so ready to challenge almost everything for which capitalism stands, should make an exception of financial policy we don't pretend to know. One fact that may have influenced them at least until recently is their conviction that public ownership could and would cure almost everything. But ownership or control of the key domestic bastions of the financial system, the central banks, has solved nothing. Whether these institutions are owned by government or by private enterprise is irrelevant so long as existing national and internatonal financial policy continues to function according to the established rules of the game. If you belong to the club you must obey the rules and the socialists no less than the other political parties obstinately refuse to listen to any suggestion that the money system should be seriously challenged much less amended to fill the needs of the age of automation.

We must face the reality of the position today with regard to the so-called sound money system, whether as advanced by the Minister of Finance of this country, as advanced by socialist governments such as that in office in Great Britain, or by the so-called wise economists who think they can stretch the rubber a little farther in extending the present system. The fact is that there is no real change in the situation, except that it continues to get worse.

The recent Watkins study under the tutelage of the President of the Privy Council proposes a policy of economic nationalism which would, if implemented, destroy the very basis of private enterprise in Canada. Joining with the popular cry of those theorists who speak similarly, it would throttle foreign investment capital and instead promote Canadian enterprise, resource development and trade control through the vast state investment enterprises it would set up. It was called a very good report. I did not hear the Minister of Finance say very much about it but he too must have been quite willing to blame the United States for our own error and for what we ourselves refuse to do. We talk about money coming into this country from the United States. I point out that in 1967 more than $1.75 billion of Canadian investment money went into the United States. Can we not convince Canadians that investment in this country is as worth while as investment in the United States? It is a strange thing that for every per capita dollar the Americans have invested in Canada we invest per capita nearly $3 in the United States. In this connection I would refer to an editorial which appeared in the Toronto *Star* of last week. It said in part:

> Can't we encourage some of that southbound cash to stay in Canada and help pull ourselves up to a standard of living by our own bootstraps?

Because the financial policies of this government have dried up our sources of capital, our municipal, provincial and federal governments have to go across the border to borrow money that we refuse to provide for ourselves. In addition, this money has to be borrowed at high interest rates, causing further pressure on the Canadian dollar and bringing with it an ever-increasing national debt.

It is about time some of our politicians stopped harping about buying back foreign ownership and began encouraging Canadians to invest in Canada. It is likewise time that some of our Canadian investment dealers encouraged people who have some savings in the bank to invest their money in Canadian stocks and resource development. It is not only imperative but it is a national responsibility for every Canadian to invest his savings in Canadian enterprise and development. If this happened Canada would not require foreign investment, Canadians would be better off and we would not be facing the crisis that we face at the present time. It is about time that the Minister of Finance applied some common sense reasoning in so far as our domestic financial policies are concerned.

• (5:20 p.m.)

I do not mean to detract at all from the problem on the international scene. One of our great problems in Canada is that our sources of capital have dried up and we have to go outside to get it. One of the great problems of the world is that international liquidity is so short that there is not sufficient money to carry out normal exchanges. This is what is bringing pressure on the United States dollar as well as the Canadian dollar. We could well follow the advice of those who say that it is time the price of gold was increased. I do not favour the continuation of gold as the international standard. We got rid of it in Canada in 1935 and we have to get rid of it on the international scene also. Increasing the price of gold might be the first step toward bringing about a better situation so far as the settlement of international exchange is concerned. If the price of gold were increased to double its present value, certainly for the time being at least the international liquidity situation would be solved. This is what General de Gaulle has been talking about through his own economists, and it is his policies which are responsible for many of the pressures on the Canadian dollar and the United States dollar.

Just the other day, when the Minister of Finance found it necessary to withdraw $460 million held in reserve in the International Monetary Fund, we in this house would not even have known that this had happened had it not been leaked to the press by officials of the French government. So again we in Canada are paying for the pressures which are being exerted by France and the financial policies which have come out of the money centres of Europe against the United States and which are reflected in Canada because of the inadequacy of our own financial policies. It is about time that we began advocating international monetary reform and implementing more effective policies on the domestic scene.

I listened with intense interest to the Minister of Finance during some of the committee hearings on the Kennedy round. He spoke about the conference he had in Rio de Janeiro with the other nine members of the elite Group of Ten nations which form the special committee within the International Monetary Fund. He told us in the committee that not one of the authorities from the other nine countries had any idea of how to control the present increase in interest rates and the continuing drying up of international sources of

capital so far as settlements and exchange are concerned. He said that they declared that interest rates would inevitably go still higher, and that some time in the future they would find some other alternative but it was not in sight at the present time. I do not understand that such experts could be so foolish as to think in this way because it has become inevitable that if some action is not taken soon Canada will plunge into a depression which will make the 1930's look, as someone said not too long ago, like a Sunday school picnic.

These are the things that concern us. This floating game of the so-called international monetary experts will have to come to an end before too long, and I can only hope that Canada will take a lead in suggesting alternative policies. The stakes are high. What we need on the international scene is a new kind of money, an international reserve currency which, as someone has said, would be as good as gold and as sound as the dollar. We cannot go on with the kind of thing that the Minister of Finance talked about in the question period on Monday.

This brings us back to the situation here at home—a remorseless increase in the size of the government, a continuing and spiralling increase in rates of interest, an increase which goes on inevitably so far as the size of the national debt is concerned, and not only the national debt but consumer debt as well. What further proof do we need that something is wrong with the source of money and capital in this country than the increased size of consumer debt? Our high standard of living today exists simply because we are putting off until tomorrow payment for the things we consume today. We are not only putting it off until tomorrow but until the next generation or the generation after that, because that is how far the projection goes in some cases.

At the same time, taxes go higher and higher. Higher taxes are not the cause of the situation but rather are symptomatic of it. This is why I had hoped that the Minister of Finance, instead of coming up with a nice, high-sounding speech and the platitudes he expressed today in his statement about the seriousness of the situation, would have proposed something a little more realistic and hopeful than just a new review board and a freezing of the size of the public service.

We will co-operate with the minister in any way we can in trying to provide some kind of temporary stopgap measure to ease us over the present situation, if it is possible. But while I say that this will be our policy as we deal with the legislation which the minister will bring forward, I plead with him to do something different from what he has done until now. If he really believes that medicare is financially not good for the economy at this time, let him put it off for another year. The provinces do not want it. Let us give them a chance to have some say on how they shall control their taxes instead of forcing them to abandon their own medicare programs which in their own way are working very effectively in meeting the needs of the needy. Why impose welfare state policies on people that most of them do not want?

What must also be done by the minister is to get really tough with government expenditure. Even with the cut-back of over $1 billion in projected expenditures for this year expenditures are still increasing by 3½ per cent over last year. This does not include the supplementary estimates which will inevitably come before the end of the fiscal year ahead of us. If this were done it would be more effective than what the minister has proposed today to meet the pressures on the Canadian dollar and on the stability of the whole financial situation.

This is the situation as we see it in our party. I should like to assure the Minister of Finance and the people of Canada, as well as all of us in the house who share his concern, that while we do want to co-operate in doing what is now necessary, it is high time we stopped riding along with the status quo. We should follow the advice of a lot of sound-thinking people and discard some of the policies that have been proven, countless times over, not adequate for our needs.

Mr. Irvine: Mr. Chairman, I will not endeavour to cover the ground that has already been covered. There are a few things I would like to mention which have not been mentioned so far. I was very pleased, as I am sure most members of the house were, with the conciliatory tone of the Minister of Finance. I would almost say his tone was benevolent. It was a rather far cry from some of the words we have heard from him here at times. In fact, I almost thought at times he would come out with this quotation from the famous prayer of St. Francis:

> Where there is hatred, let me sow love;
> Where there is injury, pardon;
> Where there is doubt, faith,
> And where there is despair, hope.

The minister did mention the fact that Bill No. C-193 was voted upon adversely. I am not sure that this is the exact description I should use. I should say that the bill was defeated, and this is one thing we must remember. In our opinion the defeat constituted a lack of confidence in the government.

The minister mentioned also that there had been an upswing in business which had lasted, he said, for seven years. This would take it back to 1961. We do not want to take all the credit for it but we feel we should at least take credit for sowing the seed.

• (5:30 p.m.)

The minister said that we enjoyed a period of great expansion from 1961 to 1966. Things seem to be changed somewhat in the mind of the Minister of Finance because he also said he was going to take action and we would have a resolution on the order paper tomorrow, the purpose of which would be to bring revenues somewhat into line with expenditures. I was hoping that perhaps he might have reversed the order and said he was going to bring expenditures somewhat into line with revenues. At this time I cannot see why more taxes should be imposed. I feel that at the moment the minister should be considering very serious cut-backs in general expenditures. The minister also mentioned that the government was going to take some action to resist inflation by way of restraints on prices and wages. I am wondering what this will mean. Will it mean he is going to introduce something that will constitute price and wage controls? If he should, what effect is this going to have on labour bargaining units?

I ask these questions as a former card-carrying member of a union. I believe these are some of the things we should consider and consider very seriously. Many economists are exhibiting grave concern about our economic future. I feel that everybody in this house should be seriously concerned about things at the present time. I had the privilege of attending the meetings of the committee on finance, trade and economic affairs during the time we were supposed to have a recess. I should like to pay tribute to the executive of that committee. I am sure they were very dedicated people. The committee has just completed series of meetings on the Kennedy round of tariff agreements. I am wondering whether it was not a complete exercise in futility. These agreements had already been made. They were what you might call multilateral agreements and were being presented to the house for ratification. The only purpose I could see for these meetings was to acquaint the members of the committee and the public with some of the details of the agreements. It is my sincere hope that these agreements will have some beneficial effect for Canada. However, there are some areas about which I am doubtful and which will have a great bearing on our economic well-being.

The first one is what I would call the front-end loading feature of these agreements, the second is the anti-dumping feature and the third is the lack of tariff barriers. In so far as front-end loading is concerned, I make reference to the fact that many of these tariff reductions are to be phased in over a period of five years in five different steps. It is my feeling that a 7.5 per cent drop in the first phase may have a very detrimental effect on the economic well-being of Canada. The result could be a fantastic shock to many of our Canadian industries. I believe that for our own protection the reduction should have been more gradual.

I suppose we will have legislation in connection with the dumping feature. As I understand it, a foreign firm is allowed one free dumping. The end of a run for a United States firm or a Japanese firm, amounting to perhaps 3 per cent of their production, could equal about 30 per cent of the complete production of a Canadian manufacturing firm. Therefore this is a very serious matter. By the time the investigation is completed the merchandise which has been brought in may very well all be sold and some of our own manufacturers forced out of business.

First of all, the manufacturer who has been injured must lodge a protest. He must prove injury to himself and to the entire industry. What is the definition of the word "injury"? It can be summed up in many different ways. Some manufacturers may believe that keen competition results in injury to them. I think these things must be spelled out. Months could be spent going through the red tape and by then, of course, the damage would be done. The manufacturer could be forced out of business. Another facet which we must remember is that merchandise which has been in Canada for 90 days is exempt from any action. I hope that we will have new anti-dumping legislation before the house before too long and that we will all get together in a spirit of co-operation to work out something that will be for the general good of this country.

Let us look for a moment at the sad economic picture which faces us. I have an item here which I took from the New York *Times*. The article was published the day after the Minister of Finance told us he was in New York, January 21, talking to the secretary of the treasury. The New York *Times* of that day carried this headline in large print, "Canada Concerned As Economic Surge Loses Momentum." I should like to quote one small part of the article:

> In 1967, as Canada celebrated her centennial and Expo's turnstiles whizzed faster than anyone had dared hope, the upward economic sweep of the decade lost most of its momentum. The country's output of goods and services grew, but only by a sluggish 2.5 per cent.

The average rate of growth in the last 20 years, taking the period 1946 to 1966, was 5 per cent. It has dropped to 2.5 per cent. The seasonally adjusted unemployment rate in 1963 was 3.6 per cent and in 1967 it was 4 per cent. In January, 1968, the flat rate unemployment figure was 6.1 per cent; yet the rise in productivity in 1967 was just about 2 per cent. In spite of this, the average wage settlement was up by 8 per cent.

These are the things that I contend are causing inflation and the difficulties which many are suffering today. The Economic Council of Canada says that a healthy growth rate for Canadians to maintain an adequate level of expansion and employment would be about 5 per cent. We have not been attaining that level for the last 18 months. The minister's plan, as of November 30, was to begin this year with a 5 per cent increase in taxes which he called a surcharge. Of course, this tax bill was defeated. Unemployment, according to all the statistics, is a bit higher this year and could go to 7 per cent or even higher.

• (5:40 p.m.)

While unemployment in Canada is going up, it is going down in the United States. In January, 1968, 3.5 per cent of the labour force was unemployed in the United States, which is the lowest since 1953. There was a drop in unemployment for three consecutive months, November and December of 1967 and January of 1968, while at the same time unemployment in Canada increased. Therefore we cannot contend that unemployment is an international problem. Some economic problems are international, yes, but unemployment is one problem that is more acute in Canada than it is in our neighbour to the south and is a problem to which we must give very serious attention at the present time.

[Mr. Irvine.]

On the other hand, the cost of borrowing money in Canada has gone sky high. The hon. member for Red Deer mentioned that the interest rate for N.H.A. loans at the present time is something like 8.58 per cent. There is a good possibility that on April 1 when these rates are adjusted the interest rate will be 8¾ or perhaps 9 per cent. This would place a great burden on those in the lower income groups particularly. Other mortgages, of course, now carry interest rates of 9, 10 or 11 per cent. Higher carrying charges and soaring house prices prevent thousands of people from owning their own homes.

In 1950 the average price of a small three bedroom home was $14,500. The rate of interest at that time was 5½ per cent. The average payment on those homes was $90 a month. In 1968 the price of a similar home averages $21,500 with an interest rate, so far, of 8.58 per cent and a monthly payment of $180 a month.

I contend that a man in the $4,500 to $8,000 a year income group has no hope of a home of his own. Such a thing is an utter impossibility, and something should be done to assist those in this wage bracket. There was a time when we used to feel that allowing a man to purchase his own home was giving him an opportunity to become a better Canadian and to have a stake in his community. It was a place where his children might play in the backyard. However, this avenue has now been closed. I suggest we must give this problem serious consideration in the immediate future.

There are many articles in the newspapers suggesting that the Canadian dollar is turning soft, that it is subject to considerable pressure as a result of sagging wheat exports, the end of Expo '67, the tariff cuts I mentioned a few moments ago, the devaluation of sterling, lagging productivity and rising labour costs. On February 14, I believe, the hon. member for Regina City asked when the Minister of Finance was going to bring in a new budget. The minister replied at that time, in effect, that he would not be introducing a new budget before the impending leadership convention. I am wondering whether he has had a change of heart, because this might mean that a new budget could not be presented until the end of April. There is also the prospect, as the minister said today, that tomorrow a further increase in taxes will be put forward.

It may be that the government and the Minister of Finance in co-operation with the government are not anxious to saddle a new

prime minister with an inheritance of mistake after mistake. The Minister of Finance tried to add a 5 per cent surtax in his mini-budget which he introduced on November 30 along with what the minister described as a financial statement. That so-called financial statement called for delays in capital spending but no particularly great cuts. It called at the same time for restrictions on housing expenditure.

I contend that although it was not intentional these restrictions did hurt the little man. The man making between $5,000 and $8,000 a year would have felt the pinch of an additional $50 on his tax bill at the end of the year. Certainly he would have felt it much more than the man in the $35,000 bracket who had to pay just the ceiling amount of $600. The $50 extra tax might make all the difference in his being able to put bread on the table for his family. It is no wonder that the Canadian Labour Congress stated at the time that the policies of the present government are favouring the rich and the powerful.

Mr. Arthur J. Smith, chairman of the Economic Council of Canada, writing in the New York *Times* on January 22 last, said this of the government's spending policies:

> In 1965 and 1966, the substantial increase in government expenditures was superimposed on the very large expansion of demand in other sectors of the economy. Although more moderate advances in total private demand in 1967 tended to ease the public-private competition and conflict for the use of resources, it became increasingly clear during the year that government spending had been growing at an unsustainable rate—

At the same time the bank rate went up to 7 per cent, the highest in history. The index of industrial spending, which is considered a reliable barometer of growth rate, fell below 3 per cent last year. The average growth rate for the years 1946-66 was 4.8 per cent. This indicates a reduction last year of close to 40 per cent. The lag in growth rate was accompanied by rising unemployment, higher taxes, softening of the dollar and prices that rose 4 per cent over the previous year. The labour force has risen 2.7 per cent over a year ago but 6.1 per cent of that force is unemployed. If I may compare these figures with the two previous years, the unemployment rate in January, 1967 was 5.2 per cent whereas it was 6.1 per cent in January of this year and 5.1 per cent in January, 1966.

I should like to refer to an article that appeared in the Toronto *Star* which is not exactly known to be a Conservative paper, on December 8, 1967. I want to put on record only one paragraph.

> The federal economy program unveiled last night by revenue minister E. J. Benson consists almost entirely of restraint on proposed spending increases, rather than reductions of current spending levels.

• (5:50 p.m.)

This is an article that should be of interest to everyone who is privileged to live in this country. Farther on the article indicates that there have been no—I repeat, no—actual outs. There was only a paring of departmental requests. Let us examine the proof of this. Let us look at the record of the government's spending for the past five years. In 1963 it spent $6,750 million, in 1964 it spent $6,872 million, in 1965 the figure was $7,218 million, in 1966 it was $7,734 million, in 1967—now we start accelerating rapidly—the figure was $8,795 million, and in 1968 we see another gigantic step to $10,300 million. The increase since 1963 has amounted to $3,730 million or an increase of nearly 60 per cent in five years in government expenditures. Clearly there were no cuts; instead we had a true increase in expenditures.

If we leave supplementary estimates out of both the years I previously referred to—if they are included they must be included for both years—the increase amounts to about 8 per cent. You cannot fool the public too long about this sort of thing because today they are too sophisticated to swallow that kind of fertilizer. My idea is that the government's accent should not be on the inflow into the treasury but on the outflow. That is where the accent would be in any business that was floundering around as this country seems to be. For 1967 federal expenditures amounted to $595 for every man, woman and child in Canada. How much farther can we go? Of every dollar that the average middle class or lower income person in this country receives, 34 cents is taken in federal, provincial, municipal or hidden taxes. This is a very serious state of affairs.

But savings can be made. It has been said that the minister ought to cut down departmental spending. I submit that the first department that should be cut is the C.B.C. The Secretary of State said in the house that something rotten was going on in the corporation. Is it not about time that we stopped subsidizing the C.B.C. to the tune of about $150 million a year? Why not sell it to private enterprise? Let them take it over with the understanding that they shall provide service to all areas that are now served. I do not think that the sale would be difficult to make.

By selling the corporation we could save $154 million in the 1968 estimates on one item alone.

We can save in many other areas. Time will not permit me to enumerate them. Why should we have so many royal commissions? The Carter commission was mentioned. I do not hold with many of that commission's findings. There are some good things in the report but in my opinion some of its findings should be disregarded. What about the commission on the status of women? You know, Mr. Chairman, I was married for 30 years and I know my wife's status. She was the boss. I expect the same could be said for most hon. members. The status of women is clearly established.

An hon. Member: You bet it is.

Mr. Irvine: Let us consider for a moment the use of members of the other place on committees. We know that they are overworked but at the same time I do not think they would mind putting in a little extra time on these investigations. I know one senator who chaired the committee on divorce, and he did an outstanding job. Surely many other senators are willing to take on added responsibilities. We must think objectively. The time has come to chart a course. We must cut back on expenditures; we must not keep dipping into the pocket of the little man.

Consider the mess that faces us in this country. We are in a state of crisis with higher prices—prices are still rising—and lower productivity. Everybody here is concerned about our productivity. We have inflation that almost staggers our comprehension. Unemployment has risen to 6.1 per cent of the work force in some areas. In other areas it is even higher. We have rising wage rates, the weariness of the dollar and the high cost of borrowing money with all that that entails for small businessmen and for the medium or low income man who cannot get a start in life because of present conditions. In addition to all this, we have the senseless spending of this extravagant government.

What a legacy to leave a new prime minister. How could 12 people be interested in taking over such a mess? The time has come for action. The Minister of Finance is in the mood to take it. I think he should sell the members of the cabinet on the idea of going in his direction. It is time for us to consider hard, cold business facts and to think first of this country and second of the party we serve. May I call it six o'clock?

Progress reported.

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed the following bills without any amendment: Bill C-104, an act respecting the Bell Telephone Company of Canada and Bill C-113, an act to incorporate Commercial Solids Pipe Line Company.

BUSINESS OF THE HOUSE

Mr. MacLean (Queens): Mr. Speaker, would the acting house leader please tell us what business the government intends to place before the house tomorrow and Friday?

Mr. Pennell: Mr. Speaker, we propose to continue the debate on the supplementary estimates of the Minister of Finance. Perhaps consultations among the house leaders may vary the form of the debate. I anticipate that we shall continue with the finance estimates.

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

HOUSE OF COMMONS

Thursday, March 7, 1968

The house met at 2.30 p.m.

ROYAL ASSENT

Mr. Speaker: Order. I have the honour to inform the house that a communication has been received as follows:

7th March, 1968

Sir:

I have the honour to inform you that the Honourable Gérald Fauteux, Puisne Judge of the Supreme Court of Canada, acting as Deputy to His Excellency the Governor General, will proceed to the Senate Chamber today, the 7th March, 1968, at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau,
Assistant Secretary to the Governor General

[*Translation*]

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS—TENTH REPORT OF STANDING COMMITTEE

Mr. H. E. Gray (Essex West): Mr. Speaker, I have the honour to present the tenth report of the standing committee on finance, trade and economic affairs returning Bill No. S-25 to the house.

[*Note: Text of foregoing report appears in today's Votes and Proceedings.*]

[*English*]

NATIONAL DEFENCE—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Gérald Laniel (Beauharnois-Salaberry) moved that the first report of the standing committee on national defence, presented to the house on Tuesday, March 5, be concurred in.

Motion agreed to.

INTERNATIONAL LABOUR ORGANIZATION

TABLING OF INSTRUMENTS ADOPTED AT FIFTY FIRST CONFERENCE

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, in accordance with article 19 of the constitution of the International Labour Organization I wish to table the texts in English and French of the instruments adopted at the fifty first international labour conference held in Geneva, Switzerland in June of last year.

Six instruments were adopted at the conference, two conventions and four recommendations. The opinion of the Minister of Justice is that the subject matter of each of the conventions and recommendations is partially within federal legislative jurisdiction and partially within provincial legislative jurisdiction.

Convention No. 127 and its accompanying recommendation No. 128 are designed to protect workers against the risk to health of being required to carry very heavy loads. Consultations will proceed with the provinces toward the objective of meeting these I.L.O. safety standards, which may permit eventual ratification of the convention with the agreement of all provinces.

Convention No. 128 and its accompanying recommendation No. 131 revise and consolidate six conventions adopted in 1933 on invalidity, old age and survivors' benefits in industry and agriculture. My department and the Department of National Health and Welfare are studying this convention, and conventions Nos. 102 and 118 which also deal with social security, with a view to their possible ratification by Canada.

Two other recommendations were adopted by the 1967 I.L.O. conference dealing with relations between management and workers at the level of the undertaking. Recommendation No. 129 sets forth the essentials of a communications policy at various levels within an undertaking, in respect of information channels and media, working conditions, job descriptions, safety and health, welfare services, social security and other matters. Recommendation No. 130 sets forth the general principles for the examination of grievances and procedures for their adjustment within the undertaking.

Mr. Speaker: Has the minister leave to table the documents to which he has referred?

Some hon. Members: Agreed.

Inquiries of the Ministry

EXTERNAL AFFAIRS

RHODESIA—REFUSAL TO COMPLY WITH COMMUTATION OF DEATH PENALTY

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, has the government of Canada had any discussions or been in consultation with Britain in respect of the position taken by Rhodesia in ignoring the commutation of the death penalty by Her Majesty?

Hon. Paul Martin (Secretary of State for External Affairs): No, Mr. Speaker.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I could supplement that answer. Just before coming into the house, before I had a chance to talk to the Secretary of State for External Affairs, I received a telephone call from the United Kingdom high commissioner to the effect that he had a message from his Prime Minister bearing on this matter which he wished to deliver to me this afternoon.

Mr. Nesbitt: Perhaps I should direct this supplementary question to the Prime Minister. What is Canada's position in this regard, and has the Canadian government expressed support for the British government? Are discussions under way at the present time in relation to what the Prime Minister indicated in respect of a review of the sanctions now in effect?

Mr. Pearson: I think the Secretary of State for External Affairs dealt with this matter either yesterday or the day before. I prefer not to add anything until I have had a chance to study the latest communications.

Mr. Howard Johnston (Okanagan-Revelstoke): Considering the danger inherent in the action taken in Rhodesia, and noting its lack of success, did the Prime Minister of Great Britain consult with his fellow Commonwealth prime ministers before advising the use of the royal prerogative in Rhodesia?

Mr. Pearson: No, Mr. Speaker.

REPORTED AGREEMENT FOR PROTECTION OF NATIONS NOT HAVING NUCLEAR WEAPONS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question regarding the report that the United States, the U.S.S.R. and Great Britain have accepted a nuclear non-proliferation agreement designed to protect countries which do not possess nuclear weapons. Does the Secretary of State for External Affairs have any further information regarding this agreement, and can he tell us what steps the Canadian government will be taking to promote and support this agreement?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, in the discussions on the non-proliferation agreement, as is well known Canada has been strongly in favour of this proposal. We recognized, however, the position of certain countries whose security interests might be jeopardized, and the agreement among the Soviet union, Britain and the United States with regard to action that might be taken in the Security Council by a non-nuclear state for protection against a nuclear power is one that we think advances very considerably the possibilities with reference to a treaty which we regard to be so fundamentally necessary at this time.

Mr. Douglas: A supplementary question, Mr. Speaker. Am I to take it that the Canadian government will be in accord with this agreement, and will be seeking through the Security Council to promote its accession by other countries?

Mr. Martin (Essex East): The particular agreement in question has not yet been considered by the government. The non-proliferation treaty up to now has been considered by the government and given strong approval. I have not yet had an opportunity of bringing forward the interim arrangement that has been reached among some of the great powers. I will be making a recommendation to my colleagues shortly and I am very hopeful that Canada will be able to join other countries in supporting this particular agreement that now is so essential for the acceptance of the treaty as a whole.

Mr. Douglas: A further supplementary question, Mr. Speaker. Do I take it that when a decision has been reached the minister will be making a statement to the house?

Mr. Martin (Essex East): Yes, Mr. Speaker.

Mr. David MacDonald (Prince): Mr. Speaker, can the minister tell us whether the government is giving consideration to proposing certain amendments to the non-proliferation treaty along the lines suggested by some of the countries which find they are unable to accept the agreement as it now stands?

Mr. Martin (Essex East): That is the purpose of the agreement reached by some of the great powers.

GABON—REPORTED STATEMENT ON REASON FOR CANADIAN ACTION

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he has been informed of a statement reported to have been made by the government of Gabon, that the real reason the Canadian government has declined to establish diplomatic relations is that Canada is in default in our foreign aid commitments to that country. Has such a statement been made, and is Canada in fact in default with respect to foreign aid commitments?

Hon. Paul Martin (Secretary of State for External Affairs): No, Mr. Speaker, Canada is not in default in respect of any aid. Aid certainly is not an arrangement between countries. Aid extended by a donor country is something that is undertaken by the donor country on its own initiative, at the suggestion of other governments or the government particularly concerned. There is no contractual relationship involved in this situation. That is not the reason. By the way, we have not broken off relations; we have suspended relations with Gabon.

Mr. Fulton: A supplementary question, Mr. Speaker. Was there any understanding with respect to the extension of aid on the basis of which Gabon might have concluded that it would receive aid which in fact has not been forthcoming?

Mr. Martin (Essex East): No, sir.

Hon. George Hees (Northumberland): Mr. Speaker, I have a supplementary question to the Prime Minister. Was the Minister of Justice expressing the view of the government last night in Quebec when he said that the Republic of France was behind the move by Gabon, and if France adopted a similar policy toward this country we should cut off our relationship with France?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have nothing to add to what I said yesterday except this, that we do not make distinctions between large countries and small countries in these matters.

[*Translation*]

[*Later:*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, further to the question put earlier by the hon. member for Kamloops (Mr. Fulton), I should like to direct a question to the Secretary of State for External Affairs (Mr. Martin), in order to clear up a point.

Since, in its press release, the government of Gabon does not refer to any contract or contractual commitment, but rather to promises of economic, financial and technical assistance made to Gabon by the Canadian government, can the minister tell us whether such promises have been made and actually kept?

Mr. Martin (Essex East): Mr. Speaker, the government has kept all its promises to Gabon and is ready to carry out its obligations to any country whatsoever.

Mr. Grégoire: Mr. Speaker, may I ask a supplementary question?

Could the hon. minister inquire of the government of Gabon about the meaning of the sentence which accuses Canada of not having fulfilled its promises, and could he inform the house later on?

Mr. Martin (Essex East): Mr. Speaker, I think I have already answered that question.

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to ask the hon. minister to indicate to the house the objectives of the trip taken by Hon. Lionel Chevrier to African countries?

Mr. Speaker: The hon. member will recognize that the question has already been asked and answered.

Mr. Asselin (Charlevoix): Mr. Speaker, I should like to direct another question to the hon. Secretary of State for External Affairs.

In view of the fact that the Gabon incident has started a dispute between the Quebec government and the Ottawa government, can the minister tell us if he will meet the Quebec authorities in order to set forth a clear and precise policy on the foreign representation of the provinces and the central government?

Mr. Martin (Essex East): I think that the answer is very clear, Mr. Speaker.

[*Later:*]

Mr. Grégoire: Mr. Speaker, I have a question for the right hon. Prime Minister.

Does he intend to put before the committee on constitutional affairs instituted at the last federal-provincial conference, the dispute now existing between Ottawa and Quebec, and the Quebec representations on education and international affairs?

Inquiries of the Ministry

[*English*]

CONSULTATION WITH PROVINCES RESPECTING INTERNATIONAL CONFERENCES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the right hon. Prime Minister. Since a number of independent French speaking countries will be meeting in France in a few weeks, is it the intention of the government to initiate without delay appropriate constitutional discussions with the provinces in order that in future any possibility of misunderstanding will be minimized?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if an international conference is to be held in Paris in a few weeks and Canada is invited to it, which would be the normal course to take if Canadian representation is required, naturally we would discuss this matter with the provinces, as indeed we have done on similar occasions in the past, particularly if that conference dealt with matters within provincial jurisdiction.

PROPOSED PROHIBITION OF EXPORTS OF NICKEL TO U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the answer given to me by the minister yesterday with respect to the export of Canadian nickel to the United States, I would like to ask the minister if, in view of the humanitarian principles involved in doing all we can to end the war in Viet Nam, the minister has not sufficient confidence in the integrity of the Canadian people to know that they would not permit any Canadian worker to suffer any temporary material inconvenience caused by the ending of that war.

Mr. Speaker: Order. The question as asked is argumentative.

[*Translation*]

WINTER WORKS

REQUEST FOR EXTENSION OF PERIOD

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I would like to direct a question to the Minister of Manpower and Immigration. Can he tell us if the municipalities have requested that the winter works period be extended by one month to enable them to complete the projects undertaken? Can he tell us also if he will give those requests a favourable answer?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, requests have been received and it is unlikely that the period will be extended.

CRIMINAL CODE

REQUEST FOR POSTPONEMENT OF CONSIDERATION OF AMENDMENTS

On the orders of the day:

Mr. Roger-E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, I had a question for the Minister of Justice but, in his absence, I shall put it to the Prime Minister.

Would he know whether the Minister of Justice has received representations from the caucus members of Quebec Liberals requesting him to postpone consideration of Bill No. C-195, especially as far as abortion and homosexuality are concerned?

Mr. Speaker: I do not think that this question, as worded, is in order.

Mr. Régimbal: Mr. Speaker, may I rephrase my question to the Prime Minister?

Is it the intention of the government to bury Bill No. C-195, Bill No. C-186 and the Ralliement Créditiste all at the same time?

[*English*]

BUSINESS OF THE HOUSE

DISCUSSION OF RESOLUTIONS PROPOSED BY FINANCE MINISTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question either to the Prime Minister, or to the Minister of Finance, or to the house leader. When will we be given the resolution or resolutions respecting matters other than taxation to which the Minister of Finance referred yesterday? Will we have these other resolutions before we proceed with the debate on the income tax resolution, notice of which was filed last night?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it has not yet been decided whether it will be legally necessary to have a resolution and legislation to set up the kind of board to which my hon. friend no doubt is referring, but there will certainly be ample opportunity to discuss the nature of that

board and its functions whether or not legislation is required.

Mr. David Lewis (York South): I have a supplementary question, Mr. Speaker. May I direct a question to the Minister of Finance and ask him whether, if it should be decided that no legislation is necessary and therefore no resolution is necessary, it is his intention and the intention of the government to table a white "pyper"—

Some hon. Members: Oh, oh.

Mr. Lewis: This was an example of Commonwealth solidarity—a white paper or some other document outlining the powers, objectives and functions of such a board.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, a definite decision was not made whether that outline will consist of another statement in the house or will be embodied in a white paper, or both, but I can confirm that it is the intention to lay before the house more details on the nature of this board.

Mr. Lewis: I have a further supplementary question. In view of the fact that the setting up of the board, as the minister indicated in his speech the other day, is part of the policy he presented to parliament, could he indicate whether we are likely to have that additional information before the resolution now on the order paper is debated by the house, and certainly before the bill based on the resolution is produced in the house?

Mr. Pearson: Yes, Mr. Speaker. I hope to be in a position to make a statement on this matter tomorrow, or at the latest on Monday.

CONSUMER AFFAIRS

REPORT ON GROCERY RETAILING IN PRAIRIE PROVINCES

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to address a question to the Minister of Corporate and Consumer Affairs. In view of the Batten report showing excessive profits and indicating a monopoly in the distribution of food products by the western grocery chains, will the minister inform the house what action the combines branch has taken?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, we have received copies of the report and, as I suggested earlier in reply to a similar question, we are reviewing all the recommendations that affect our department. As a matter of fact, this morning I called Judge Batten and invited her to Ottawa next week in order that we might discuss some of the recommendations in her report.

[*Translation*]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question is directed to the hon. Minister of Manpower and Immigration.

As part of the training courses now being given throughout Canada, does the minister intend to set up personality courses which would permit, for instance, to smarten up the hon. member for Argenteuil-Deux-Montagnes?

[*English*]

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, I would like to ask the Prime Minister, if the government has any old centennial medals lying around would it consider sending one to Mr. George Bain?

Some hon. Members: Hear, hear.

Right Hon. L. B. Pearson (Prime Minister): If I can find a very old one I will do that, Mr. Speaker.

Some hon. Members: Hear, hear.

Hon. George Hees (Northumberland): Mr. Speaker, I wish to direct my question to the Minister of Trade and Commerce. Does the minister soon expect to be free to express his opinion on financial matters, or does the Prime Minister intend to keep him chained to a sinking ship?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

FINANCE

POSSIBLE ACTION BY U.S. RESPECTING GOLD PURCHASES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): In view of the present clamour for gold, has the Minister of Finance any information from his counterpart in the United States to the effect the United States may cut the price of gold or stop buying it altogether, as reported

in an editorial in the *Financial Post* for Saturday, March 9, 1968?

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker, I have had no such information.

POSSIBLE PENALTY ON WITHDRAWAL OF MONETARY FUND CREDIT

On the orders of the day:

Hon. Mitchell Sharp (Minister of Finance): May I take advantage of this occasion to reply to a question asked yesterday by the hon. member for Kamloops. He asked me about the recent drawing by Canada of our credit in the International Monetary Fund, and whether any transfer tax or penalty was payable by Canada in connection with that drawing. The answer is no.

LABOUR CONDITIONS

MONTREAL—ACTION TO DEAL WITH UNEMPLOYMENT SITUATION

On the orders of the day:

Hon. George Hees (Northumberland): I should like to direct a question to the minister of manpower. In view of the fact that unemployment in the city of Montreal has now reached an eight year high, is the government looking into this situation to ascertain what can be done to alleviate this serious situation?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, all our services are available to the unemployed, and we do all we can to find them employment.

[*English*]

Mr. Hees: May I ask a supplementary question. Is the government not looking for some constructive method of finding employment for these people who are unemployed in the city of Montreal?

DIVORCE

INQUIRY AS TO SITUATION RESPECTING LEGISLATION

On the orders of the day:

Mr. Robert McCleave (Halifax): My question is for the Minister of Justice, and I have just given him notice of it. Will he bring us up to date on the status of the divorce bill?

Hon. P.-E. Trudeau (Minister of Justice): I thank the hon. member for having sent over

[Mr. Crouse.]

a note saying he would ask this question. The developments on the divorce bill are, of course, that we have done as we have said we would. We are preparing new rules of practice for the courts which will apply under the act and next week we are meeting, amongst others, with the chief justices of the provinces to discuss this problem. They will be meeting with my officials and with me. I shall be glad to report any further developments in due course.

AIR TRANSPORT

INQUIRY AS TO CHECK ON LICENCES OF CANADIAN PILOTS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I should like to direct a question to the Minister of Transport in connection with this matter of air line pilots not having the correct licence, which is now in the news. Has the minister checked, and is he personally satisfied that every Canadian pilot has the proper licence at the present time?

Hon. Paul Hellyer (Minister of Transport): I saw that report in the newspaper, Mr. Speaker. It is the kind of thing which happens from time to time and which makes cabinet ministers turn gray. There are no existing anomalies that have been brought to my attention, Mr. Speaker.

Mr. Bell (Saint John-Albert): Can the house be assured the minister will show some leadership on this matter?

Mr. Speaker: Order.

FINANCE

INQUIRY AS TO NEW BOOK OF ESTIMATES

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address a question to the President of the Treasury Board. In view of the fact that yesterday the Minister of Finance advised the house that a new schedule of estimates would be prepared, can the President of the Treasury Board inform the house whether this means that the old book of estimates will be scrapped and a new book published?

Hon. E. J. Benson (President of the Treasury Board): Mr. Speaker, we are presently looking into this matter. What we would prefer to do is simply table revised estimates for those that are being changed. If the house

would agree to this it would save some $50,000 in having the book reprinted.

[*Later:*]

Mr. Donald MacInnis (Cape Breton South): I have a supplementary question for the President of the Treasury Board who, in answer to a previous question, indicated that the government would save about $50,000 by not reprinting the estimates. Could the President of the Treasury Board now indicate what the revisions will cost, so we might be aware of how wasteful this government has been?

Mr. Speaker: Order, please.

LABOUR CONDITIONS

INQUIRY AS TO IMPLEMENTATION OF I.L.O. CONVENTIONS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of Labour. In view of his statement today listing the various conventions adopted at the last I.L.O. conference, and in view of the large number of I.L.O. conventions which have never been ratified by Canada, will the government be discussing actively with the provinces the possible early implementation of these latest conventions to which the minister has referred?

Hon. J. R. Nicholson (Minister of Labour): Yes, Mr. Speaker, such discussions have already begun.

NORTHERN AFFAIRS

REDUCTION IN BUDGET FOR NORTHERN HEALTH SERVICES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Were the special health needs of the Indian and Eskimo population in northern Canada, where the infant mortality rate is four times the normal rate and the life expectation span of the Eskimo is 20.9 years, taken into consideration when the recent substantial reductions were made in the northern health service budget?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, all factors were considered.

Mr. Dinsdale: As a supplementary question, is the money saved going to be diverted into the medicare program?

Mr. Speaker: Order, please.

PUBLIC SERVICE

LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Is the federal government aware of the fact that the government of British Columbia has brought in legislation to increase the pensions of retired British Columbian civil servants? Will the federal government now do likewise?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not aware of that fact but I will look into it. I am sure my hon. friend would not wish us to follow the example of the government of British Columbia in every respect.

HARBOURS

BRITISH COLUMBIA—DEVELOPMENT OF PORT AT ROBERTS BANK

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is for the Minister of Transport. Since I note that the premier of British Columbia has proclaimed the British Columbia harbours board act because he is not convinced that Ottawa supports the Roberts Bank project, could the minister assure the house that the federal government will co-operate with the newly appointed provincial harbours board in the development of this port?

Mr. Speaker: Order. I think that question could be placed on the order paper.

HUMAN RIGHTS

STUDY OF REPORT BY FORMER ONTARIO CHIEF JUSTICE

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I wish to direct a question to the Minister of Justice. Has he instructed officers of his department to study the comprehensive report on civil liberties which has just been prepared by the former chief justice of Ontario, Mr. McRuer, in order to see which recommendations might be implemented through the federal parliament?

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): This is a very good suggestion, Mr. Speaker. I had thought about it. We intend to look into these recommendations as well as those which will be submitted to us by the committee chaired by Judge Ouimet. This will surely help us considerably.

[*English*]

Mr. Lewis: A supplementary question, Mr. Speaker. Since I think certain of the recommendations can be implemented without having to wait for any future action in any other direction, would the minister reconsider his present position and seek amendments to the Criminal Code to cover matters such as the right to counsel, questions of bail and the like?

[*Translation*]

Mr. Trudeau: As I have already explained, Mr. Speaker, we would prefer these rights, that is, the right to counsel, the right to bail, and so on, to be applicable to all Canadian legislation and not only to the Criminal Code. For this reason we would prefer to obtain a charter of civil liberties. However, if that takes too long, we will naturally think of another way.

Mr. Lewis: It will take a long time.

[*English*]

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—REPORT ON REDESIGN

On the orders of the day:

Mr. David MacDonald (Prince): My question is for the Minister of Public Works. Can the minister tell the house whether he has received a report from Colonel Churchill on the redesign of the Northumberland strait crossing project? If he has not yet received the report, when might he expect to get it?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, we have not yet received the report. I expect it in about another six weeks.

SUPPLY

The house in committee of supply, Mr. Tardif in the chair.

DEPARTMENT OF FINANCE

Administration

4c. Grant to the endowment fund of the Vanier Institute of the Family—L'institut Vanier de la famille, $236,869.

[Mr. Lewis.]

The Assistant Deputy Chairman: Order, please. House again in committee of supply, supplementary estimates (C), 1967-68, of the Department of Finance. Vote 4c. Shall vote 4c. carry?

Mr. Irvine: Mr. Chairman—

The Assistant Deputy Chairman: I regret to inform the hon. member that his time, as I understand, had expired last evening.

Mr. Starr: Let him continue.

Mr. Irvine: I thought I had a minute or two. If the Chair thinks otherwise I shall abide by Your Honour's decision.

The Assistant Deputy Chairman: Does the committee agree to allow the hon. member another couple of minutes?

Some hon. Members: Agreed.

Mr. Irvine: I promise I shall not take more than a minute or two.

When I called it six o'clock last night I wanted to summarize and speak about the crisis that now faces us. I wanted to speak about high prices and our low productivity increase factor; I wanted to talk about inflation. I will not do so at great length now because I cannot. I must repeat, nevertheless, that 6.1 per cent of our working population is unemployed. We must consider rising wage rates, the softening of the dollar, which we are all concerned about, and the high cost of borrowing money. Above all we must pay particular attention to the absolutely senseless spending of this extravagant government. As I said yesterday, what a legacy all this mess is for a new prime minister.

Mr. Douglas: Mr. Chairman, yesterday we listened to the Minister of Finance reviewing the state of the Canadian economy. I wish to say to him and to the government that we fully appreciate the difficulties they face and we do not propose to do anything that will aggravate the situation; nor do we desire to take political advantage of the government's difficult financial straits. At the same time I say to the government that we do not intend to acquiesce in mere palliatives which will do nothing to cure our present troubles and which will only give the Canadian people a sense of false security.

Undoubtedly we face a serious economic state of affairs in Canada. The sooner parliament and the Canadian people recognize this and the sooner the government applies

remedial measures, the sooner we shall see an improvement.

The Minister of Finance reviewed the state of the economy, and I thought it was appropriate for him to do so. But we must examine that review in the light of the objectives this government had formerly set for itself. We must remember that five years ago this government committed itself to continued economic growth and full employment; this government three years ago announced publicly, in the speech from the throne, that it was declaring war on poverty. Members of this government have talked inside and outside the house about our regaining control of the Canadian economy. The President of the Privy Council just before the last election blanketed this country with an article on buying Canada back. The Prime Minister summed up by saying of the government's program "This is a time to excite the daring and to test the strong."

• (3:10 p.m.)

In the light of these objectives I think we ought to examine the state of the Canadian economy. I want to look at some of the indicators by which it is customary to measure the health of the economy. The first and most important of these is, of course, the rate of economic growth. The Economic Council of Canada states in its first report that we need an annual increase in our productivity of some 5½ per cent in constant dollars if we are to keep unemployment at 3 per cent and provide jobs for those entering the labour force. We are not doing this at the present time.

I notice that the minister said yesterday, as reported at page 7334 of *Hansard*:

> We are still experiencing the upward thrust in our economy which began seven years ago and which has continued without serious interruption to the present.

I would certainly question this upward thrust in the economy. If we look at the year 1967 what do we find? We find that in constant dollars the increase in our gross national product for the first nine months was 2 per cent. Figures for the last three months are not yet available, but, bearing in mind the increasing unemployment it is very unlikely that there was any improvement in the last quarter of 1967. If we consider our productivity for the first nine months of 1967 on a per capita basis we find that in terms of real dollars it amounted to some $2,370 as compared with $2,368 in the previous year. In other words, on a per capita basis there was virtually no increase in productivity in the first nine months of 1967 compared with the same period in 1966. Moreover, we find that in the third quarter of last year there was actually a decline in the rate of economic growth.

As I pointed out the other day, one of the segments of the economy in which an upward thrust is not apparent is agriculture, where the income of farm operators fell 19 per cent below the level of 1966. On the basis of economic growth, therefore, it cannot be said there is an upward thrust in the economy. We have been virtually stagnant for the last 12 months in terms of increasing the productivity of this nation.

The second indicator which it is customary to examine is, of course, employment. Employment is an important indicator because it tells us the extent to which we are utilizing our most important resource, namely our manpower. The Economic Council of Canada said we ought to be able to keep unemployment at 3 per cent or less. That should be the goal. I would point out incidentally that by the standards of western Europe 3 per cent is a very high figure. The government of Sweden was extremely perturbed last year and brought in some emergency measures when unemployment there reached 1.8 per cent.

What has happened in Canada? We have not been able to keep unemployment down to 3 per cent. We find that in the middle of January this year there were 464,000 unemployed, or 6.1 per cent of the labour force. This compares with 5.2 per cent in 1967 and 5.1 per cent in 1966. Most disturbing of all is the fact that this unemployment is affecting some regions of Canada even more adversely than others. In the Atlantic region unemployment at the middle of January amounted to 10.9 per cent. In Quebec and British Columbia it was 7.8 per cent. The number of persons unemployed for between one and three months rose from 135,000 in December to 195,000 in January. This is really alarming. In January, 1967 only 26,000 people had been unemployed for more than seven months. In January of this year 37,000 had been unemployed for more than seven months.

The Economic Council of Canada, as has been said many times in this house, pointed out that if we are to increase productivity the most effective way of doing so is by putting the unemployed to work. The council suggested that every time we reduced unemployment by one percentage point we increase the gross

national product by some $2 billion a year. An unemployment figure of more than 6 per cent means we are losing in the neighbourhood of $6 billion of increased wealth production, roughly one third of which would find its way back into the treasuries of federal, provincial and municipal governments of this country.

One thing which disturbs me about this question of unemployment is this. I have the uneasy feeling that the government considers unemployment one of the ways by which it can solve the problem of inflation. I refer to the statement made yesterday by the minister, as reported at page 7337 of *Hansard*:

> We have found that at a level of unemployment of 3½ per cent in 1965 and 1966 our prices began to reduce sharply. Our costs increased much more rapidly than did those in competing economies. Even when the level of employment dropped off a little and the pressure of demand upon our markets was less intense, we have found that the momentum of wage increases, of other cost increases, of price increases, has kept up. That is now the chief constraint upon our policy.

If the government is taking the position that allowing unemployment to rise is one of the methods by which it hopes to stop price inflation, then it is committed to a policy which will bring this country to disaster.

Another indicator to which I want to refer is the cost of living. The cost of living is something which affects every person in Canada. The Minister has already referred to the fact that increasing unemployment has not resulted in a drop in prices. On the contrary, the reverse is true; unemployment and rising prices have gone on side by side. In January, 1967 the consumer index was 146 compared with 152.6 in 1968, representing an increase of 4½ per cent in twelve months in the cost of living. In the past four years during which this government has been in office the cost of living has gone up by almost 14 per cent. This is not due to increased demand. As a matter of fact, manufacturing orders last year failed to show any increase over the figure of $3,150 million of the previous year.

• (3:20 p.m.)

As my colleague from Waterloo South pointed out yesterday we are not suffering from the old style inflation of too much money chasing too few goods; we are facing a situation in which a large part of the economy dominated by large corporations has been able to establish administered prices which are not sensitive to the laws of supply and demand. I do not know of any better illustration I could give of this than to quote from the *Monthly Business Analysis* put out by W. A. Beckett Associates Limited of Toronto. On page 1 it says:

> Corporate profits actually turned in a surprisingly good performance in the third quarter of 1967 in the light of the slow progress in real output. This was achieved by price increases which show in wholesale and consumer prices rather than by any improvement in the productivity and cost picture.

I ask the house to note these words:

> —rather than by any improvement in the productivity and cost picture.

We have price increases in this country not necessarily because of an increase in costs or an increase in demand but because there are companies which are able to increase prices to suit themselves.

A very good example of this is the Canada-U.S. auto agreement under which the government has turned back to the auto companies some $50 million a year in return for which we were told the prices of cars in Canada would decline in relation to the prices of cars in the United States. What do the figures show? They show that the gap between the prices of cars in Canada and in the United States in 1964 was 17.6 per cent and in 1967 17.5 per cent. There has been virtually no change at all. In spite of the fact that the auto companies were able to put $50 million annually in their pockets they were still able to maintain the same disparity in price for Canadian cars compared with the price which the United States consumer is required to pay. What we are facing in this country today, along with a slowdown in economic growth and an increase in unemployment, is a steadily accelerating increase in the cost of living.

Another indicator at which we might look is housing construction. This is an important indicator not only in terms of the need for shelter but because it is a labour oriented industry which is very important in determining the rate of employment in this country. It is, of course, an economic multiplier, as will be pointed out later, because every dollar we spend on housing brings $2 in increased wealth and production in the country. The Economic Council of Canada suggested a target of 193,000 homes per year. We have not been able to meet this target. We now have a carry-over for the past two years of 72,284 houses which, plus what we should be building this year, means that we should construct 265,000 homes in 1968. The minister yesterday told us that the government is hoping that 175,000 homes will be constructed. If

that is the situation we will still be 90,000 homes short of what we require even to keep up with the target set by the Economic Council of Canada to say nothing of the half a million families in Canada who are living in substandard houses. The higher rates of interest make it virtually impossible for persons with incomes of $8,000 or less to own their own homes.

The other day in one of his election speeches the Minister of Transport said that today a working man cannot afford to build a house. I commend the Minister of Transport for having discovered this very apparent fact. I cannot commend him or his colleagues for what they have done about it. Serviced lots have risen in price by 40 per cent since 1964. The average family in Canada is now being compelled to pay over 30 per cent of their income for shelter when the Canadian Welfare Council has said that the very maximum a family can afford to pay for shelter is from 20 per cent to 25 per cent.

In this very brief review of the economy I suggest to the minister that his optimistic statement yesterday about the upthrust in our economy continuing is sheer balderdash. I suggest that the economy is going down, unemployment is going up, the cost of living is rising at an accelerated pace, we are not keeping abreast of the need for homes in Canada, and the state of the economy today is an indictment of this government and its policies. It does not make anybody who is acquainted with the facts any happier when the minister comes into the house and tries to tell us as he did last night that all is well within the world and that the minister is in his place.

What does the government propose to do? First of all, the government introduced some fiscal measures. Bill C-193 was introduced and defeated. It is not necessary for me to go over the circumstances of that. It was a measure to impose among other things a 5 per cent surtax on the wage and salary earners. I think the house should be congratulated for having rejected that bill. I believe the government in the long run will find that their bungling and ineptitude in allowing it to be defeated did them a good turn because had that bill been passed it would have been a mistake of catastrophic magnitude. Now the minister proposes another measure. Instead of the 5 per cent surcharge on personal income tax he proposes a 3 per cent tax on personal income with the floor raised from $100 to $200 and no ceiling and a 3 per cent surtax on the corporations of this country.

There is no doubt that this is some improvement. At least the minister has taken off the ceiling so that everybody will pay the surtax. He has reduced it from 5 per cent to 3 per cent. He has decided to place some of the burden upon the corporations. Surely, however, this is an attempt to deal with a malignant growth by putting on a band-aid. Surely this is a complete failure to grapple with the real problems which confront this country. First of all the minister is planning to impose a 3 per cent tax on incomes, whether personal or corporate, based on a structure which is already inequitable and unjust. The New Democratic party maintains that the government has no right to put on any tax until it restructures our tax system and places it on a fair and equitable basis.

• (3:30 p.m.)

The minister was out to get $185 million. He chipped that down by saying he will cut expenditures by $75 million, so he will only need $110 million. If the minister had been prepared to accept one of the basic recommendations of the Carter report, if he had been prepared to require oil companies, insurance companies and mining companies to pay not a special tax but just the same taxes and other corporatoins and had been prepared to remove the special concessions which these companies enjoy, he could have obtained another $200 million in revenues. We say that until the government is prepared to make the freeloaders pay their share of the taxes it has no right to ask anybody else to pay increased taxes.

Of course, the more fundamental point is that the answer does not lie in imposing more taxes or in curtailing essential government services. This is an outworn concept that we thought had died in the 1930's or had been destroyed by Franklin Delano Roosevelt and Lord Keynes. Surely the answer to our present situation is stimulation of productivity. If we can do what the Economic Council of Canada said we should be doing, reduce unemployment to 3 per cent and increase our gross national product in real terms by 5½ or 6 per cent, we would have no problem of inflation.

The government does not start at the right end. The government's idea of solving this problem is to put more taxes on the wage and salary earners and on the corporations. Let me point out that the increased tax on corporations will be inflationary because it will be passed on to the consumers in the form of an

increase in consumer prices. The government should start at the business end of this problem by allocating manpower, physical and capital resources the task of increasing productivity.

The other method by which the government has sought to cope with this problem is the undertaking of certain monetary measures. Last year the government removed the ceiling on the bank rate. We had all sorts of assurances from the Minister of Finance that the increased competition from banks and lending institutions would result in a decline in interest rates. Instead we have the highest interest rates in living memory, with a prime bank rate of more than 7 per cent. We have to go back before the 1900's to find a time when the bank rate was that high.

What is the result of these exorbitant interest rates? The result is that we are putting available capital up for auction to the highest bidder and therefore capital is not going where it is needed according to social requirements. Capital is going to whoever can pay these excessive interest rates. There has been no attempt to allocate our capital resources. Some industries are overcapitalized, some are undercapitalized and some essential services such as housing are being starved. This is not leadership, Mr. Chairman. This is a betrayal of the trust which the people of Canada have reposed in this government.

The government has raised the central bank rate to 7 per cent in response to the appeal by the President of the United States to United States subsidiaries in this and other countries to send part of their profits back to the United States. I am not going to condemn the President of the United States for doing something which I presume is essential to the economic well-being of that country, but as a Canadian I have to recognize the fact that what the United States is doing is transferring some of the cost of the Viet Nam war to its trading partners. That is exactly what is happening. The United States is seeking to export some of its problems, first by cutting down overseas investment and, second, by asking these subsidiaries to send back part of their retained earnings to the United States.

As every member knows, these subsidiaries responded with almost indecent alacrity. The New York weekly bond market report states that in three weeks in January the auto and rubber industries in Canada sent back $150 million to the United States. The rush by many United States subsidiaries to send money back to the United States was so great that the Minister of Finance telephoned Mr. Fowler, the secretary of the treasury, and asked him to clarify the position. The minister telephoned from Winnipeg in great alarm. Mr. Fowler issued a statement telling the subsidiaries not to make abnormal, and I emphasize that word "abnormal", transfers of money back to the United States. There have been large transactions. From the best figures we can get, the Bank of Canada had to find $350 million in January and another $113 million in February to stop this trend, and the end has not yet been seen.

The government has done nothing about applying any exchange controls. In most of the countries of western Europe, if you want to transfer a large sum of money you have to get a permit from the central banking authority. The government has done nothing about this situation except to make a rather pathetic appeal to the government of the United States. Those are the two things the government has done in respect of fiscal and monetary policies.

I was pleased yesterday when the Minister of Finance said he had come to the conclusion that fiscal and monetary policies were not enough. Bless his heart. We have been telling him that ever since he became Minister of Finance. Fiscal and monetary policies are useful instruments but they are blunt instruments. If we are going to grapple with this situation there are other steps which must be taken. Let me outline one or two of the steps we have suggested from time to time.

The first step we have suggested is the establishment of a prices review board which would have the power to review prices and deal with cases where increases in consumer prices were unwarranted or unjustified. We would seek concurrent legislation in the provinces to give the board the necessary power to make companies which were profiteering at the expense of the Canadian people roll back their prices.

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. member but his allotted time has now expired.

Some hon. Members: Carry on.

The Assistant Deputy Chairman: Does the committee gives its unanimous consent to the hon. member to continue?

Some hon. Members: Agreed.

Mr. Douglas: I should like to thank the committee, Mr. Chairman, and I will try not to impose too much on its kindness.

We have advocated a prices review board. Yesterday the minister indicated that he is now going to set up such a board. People often ask me whether I get worried about the Liberals stealing our ideas. I do not mind them stealing our ideas, but what worries me is that they just steal the words. All we are going to get is words. This is not going to be a prices review board. The minister is not even sure it will require a bill. It is not going to have any statutory authority or power. It will be a glorified better business bureau located in somebody's office collecting statistics in order to state two years after a price increase has taken place that it was not really necessary. That will do the consumer in this country a lot of good. It will certainly make the housewife happy to know, two years after she has been paying the increased price, that the increased price of sugar or some other commodity was really unjustified.

• (3:40 p.m.)

Let me suggest to the minister that if he is really going to grapple with rising prices he is not going to fool the Canadian people by providing a toothless watchdog with no power except to bark, and then softly because it is old and weak and has been given no authority by the government. Therefore we shall continue to press the government for a genuine prices review board with power granted by both the federal parliament and, where necessary, the provincial legislatures of this country to impose selective price controls on any commodities where it has been demonstrated that prices have risen without any proper justification.

Our second proposal is that in order to stimulate the economy one of the most immediate things the government could do would be to undertake a housing program that would build a quarter of a million to 300,000 houses this year. The multiplier effect applies to house construction. All the materials can be produced in Canada; we do not need to import one commodity to build houses in this country. The employment such a program would bring to the construction industry, the industries which manufacture construction materials, the logging camps, the lumber industry and the transportation facilities of this country would be tremendous. We could reduce unemployment substantially by a massive housing program, a housing program that would build homes for ordinary people, not just massive, high-rise apartments for the wealthy, not the kind of program we have today under which you must have an income of $8,000, $10,000 or $12,000 a year before you can qualify under the National Housing Act.

We have advocated and do so again that the government ought to establish some priority for the use of our investment capital. We ought to be able to allocate capital in this country according to our social needs. I said a few moments ago that what we do now is allocate capital by puting it up for auction and those who can afford to pay an interest rate of 10 per cent, 11 per cent or 12 per cent have no difficulty obtaining capital. If municipalities, provincial governments, small industries and small businessmen are to get capital there will have to be an allocation of capital on some basis of priority predicated on, first, whatever will stimulate economic growth and, second, whatever will improve the quality of life for the great mass of the Canadian people.

We have capital in Canada. On a per capita basis the Canadian people are among the highest savers in the world. But a lot of our capital is frittered away. A report which appeared in the *Globe and Mail* shows that for the first 11 months of 1967 we had a deficit in our international transactions in outstanding securities of $323.2 million, 40 per cent below the previous year. We have money in pension funds, insurance funds and trust funds that could be mobilized and put to work to promote economic growth and full employment.

We could do what the government has been promising to do ever since it took office, namely, set up a Canada development corporation that would mobilize the savings of the Canadian people and send those savings marching into battle in the war against poverty, economic stagnation and unemployment. But the Canada development corporation still remains a will-o'-the-wisp; nothing has come of it.

The fourth thing we have suggested is that the government must restructure our tax system. I will not take the time of the committee to go into some of the recommendations of the Carter commission, but I say to the government that with this report in their hands it will haunt them unless they have the courage to put those recommendations into effect. The Canadian people have long suspected

that the people in the middle and lower income groups have been carrying too heavy a share of the cost of financing Canada federally, provincially and municipally. They have long suspected that there are those with their hands in the cookie jar, that a lot of people have received special concessions and special privileges about which the public did not know. But all of this has been laid on the table by the Carter report which has shown the inequities in our tax structure, which has demonstrated beyond any shadow of doubt that we have freeloaders who have been riding on the backs of the rest of the taxpayers. This government will have to do something about restructuring our tax system. They cannot very much longer evade this question.

The fifth thing we have suggested is that the government should be taking steps now to begin regaining control of the Canadian economy. Again I want to tell the government that one of the things they are not going to be able to bury is the Watkins report. This report says what we in this party have been saying and what the President of the Privy Council has been saying over the years, namely, that the increasing ownership and control of the Canadian economy by foreign investors is eroding our sovereignty and diminishing our independence. If ever we needed a demonstration of this, we have had it in the past few months.

Why is the minister facing a financial crisis at the moment? It is not because of the inability of the Canadian people to produce. It is not because of the failure of the Canadian farmer to grow plenty of food. The reason the minister is facing a financial crisis at the moment is that the United States, facing difficulties arising out of the Viet Nam war, is calling back the money of its subsidiaries in this and other countries. This is part of the price we pay for having two-thirds of some of the major segments of our economy owned and controlled outside this country. We have ceased to be masters in our own house. We have ceased to have the power to direct and control the Canadian economy. The direction of the economy has moved from the treasury benches to the board rooms of New York. It is not one moment too soon, and I suspect that if we wait much longer it will be too late, to begin to regain control of the Canadian economy.

We believe that the basic decisions affecting the welfare and the lives of the Canadian people should be made in Canada and ought not to be made elsewhere. We are not suggesting a program of economic isolation. There is no reason why we should not have capital come from other countries in the form of loan capital or even equity capital where it is in a minority position. But the basic control, the decision-making power as to whether our economy shall expand, whether we shall have full employment and economic growth or contraction and unemployment, as we have at the present time, ought to reside in Canada in the hands of the Canadian people, and particularly in the hands of the elected representatives of the Canadian people.

• (3:50 p.m.)

I want to say in closing that all is not well in the economy, in spite of the minister's bland assurances yesterday. We face a very serious situation. We face a drastic slowing down in our economic growth. We face an alarming increase both in unemployment and in the cost of living. We are failing to keep pace with the requirements for housing, schools, hospitals, and other essential public services. Therefore the program which the government has announced of merely adding a few taxes and cutting down a few expenditures may please some people as being the solution for a few months, but I suggest to the minister that, unless he does something much more fundamental, 12 months from now he will be in exactly the same situation or worse. We believe that what we need in this country is a government which has the courage and the vision to intervene in the economy when the public interest requires it. If the government fails to intervene actively in the economy and to direct it, then the present state of the economy will grow worse rather than better.

Mr. Flemming: Mr. Chairman, when the minister reviewed the present state of the economy in Canada he was listened to by everyone with the proper amount of attention. However, last night when we heard over the radio the proposal with respect to additional taxation and a very minor reduction in expenditures, we were somewhat disappointed. I wish at this point to thank the minister for having made an extra copy of his speech available to me yesterday at my request. With his usual courtesy he gave it his special attention.

The minister referred to many factors which had brought about the present situation. He referred to the seriousness of the

situation and he also referred with optimism to some of the bright spots which exist. I find no fault with this. It seems to me that it is proper for a minister to mix the good news with some which is perhaps not so good.

However, among other things he spoke about inflation with which is combined a factor of great importance to all Canadians, namely, the cost of living. The cost of living and inflation are of course combined and naturally they are of tremendous importance. Yesterday the minister warned us about inflation. I do not think we need any warning. We know something about inflation. Every one of us who goes with his wife to a supermarket these days will remember the time 12 months ago when he went to the same supermarket and got about twice as many groceries as he does today. We are very conscious, particularly when the wife steps back and lets us pay the bill, of the difference in the cost of living. It seems to me that we do not need any warning from the minister. He warned us on June 1 in his budget, he warned us on October 4, and he warned us again yesterday.

Let me remind the minister that in 1965 he and the government were warned about inflation in the report of the Economic Council of Canada. An editorial in today's *Gazette* quotes these words, pronounced in 1965, which are important enough to be repeated:

> In our judgment, it is these factors of increased efficiency and better matching of supply and demand in the use of our productive resources that should be the areas of most immediate concern at this time for both private and public policies, if our employment and growth goals are not to be endangered by spreading inflationary patches in the economy.

These are rather grandiose words but what they mean in effect is, "you'd better watch out for inflation". I submit that in 1965 the minister and the government were warned, if they needed any warning, of what was coming. So far as inflation is concerned, I think they should have examined the part which the private sector in Canada was willing to play in general capital spending. They should have examined the amount which the private sector was willing to pay and so far as public spending was concerned they should have backed away from it. But they did not, although I am inclined to think that the Minister was anxious enough to do so but that probably he was overruled by 26 or 27 other people. I say to the Minister of Labour that I am inclined to believe that, although I have no way of knowing it. I have an idea that the minister did spread that doctrine but all to no avail. It did not make any difference.

The government faced the economy not only with undiminished expenditures but with everything that they could borrow up to the extent of three-quarters of a billion dollars of deficit financing. That should never have been done in those years. One does not indulge in deficit financing in years of affluence. Surely everyone who has any knowledge of business, whether large or small, will agree with that. But the government went merrily on their way and paid no attention.

So now we come to the year 1968. The government competed for goods, for labour and for all the things which created expansion, and now it finds itself in trouble. That is the reason we had to listen to the type of speech which the Minister of Finance gave us yesterday. We do not need any warning from the minister. We really have nothing much to say about government spending. We just receive the proposals of the government which asks us to agree or not, as the case may be. I submit that the problem of inflation is right on the doorstep of the government and that it is more responsible for it than any other body of people.

• (4:00 p.m.)

What does the minister propose as a remedy? He is going to set up a board of review in connection with wages and prices. As has been said by the hon. member for Burnaby-Coquitlam, as far as we know this body will have no authority whatsoever. I submit that at the present time, rather than going into the question of where we can get extra tax revenue, every department should have its estimates handed back and should be told that the government wants such and such a percentage cut off these estimates. Then the department could establish its own priorities. What would a board know about the top priorities in the Department of Labour, for instance? How would they find out? They would have to find out from the minister or his officials. I do not believe the government has even scratched the surface so far as the possibilities for reduction of expenditures are concerned. There are the statutory amounts which must be paid such as welfare payments and that sort of thing. But it seems to me the government is grappling with the problem of inflation in the wrong way. Not enough attention is being paid to the reduction of expenditures and the elimination of waste and extravagance. These are the things I believe

the people of Canada are watching. These are the things I believe the people of Canada are anxious to see remedied. The government has the ability to do it but does not seem to have the inclination. I cannot tell you why, Mr. Chairman.

The government is now setting up this toothless and useless board of review. As the hon. member for Burnaby-Coquitlam has said, nobody even knows what the status of that board will be. I do not have much faith in boards anyway. I do not have much faith in commissions. This government is famous for setting up commissions and task forces. Why do they not accept their responsibility? I am one of those who believe in the general responsibility that has been entrusted to the elected representatives, whether they sit on this side or on the other side. I should like to have a majority over here, of course, but I do not care too much so far as the responsibilities or duties of members are concerned. Having been chosen by the people, I believe the members are the ones upon whom should rest the ultimate responsibility. They are the ones who are going to go back some day and give an account of their stewardship to the people who sent them here. I submit, therefore, that this board of review and all these cockeyed ideas are useless. I do not know from where they emanate but I do know that they do not seem to make too much ordinary common sense.

The $75 million which has been mentioned amounts to less than 1 per cent of the estimates. The government is now going to add 3 per cent to the corporation tax. This is the proposal. Of course, corporations have no body to be kicked or soul to be damned, but I wonder whether anyone realizes to what extent corporations contribute to the general revenues of this country. You will find, that it is many hundreds of millions of dollars. I can tell hon. members, from the little bit of experience I have had with a small business, that it takes a lot of hard work and planning to keep a business going. My friend the Minister of Labour knows this because he has been through it. You go to bed with your problems and you never get rid of them. Actually you have a great sense of satisfaction when you do accomplish something. This tendency to consider corporations who make profits as public enemies is just darned nuisance and should not be tolerated in this country.

[Mr. Flemming.]

The government has decided to set up this board of review and delegate its responsibility. I do not believe in the delegation of responsibility. In addition, the government has decided to remove the ceiling in connection with individual income tax payments. I am not so sure that is not right. When you get above the $600 mark I am not so sure that an extra 3 per cent is going to make much difference. I am not too critical of that. The accelerated payment of corporation tax is being reintroduced, and I find no great fault with that.

If I may summarize, we have to acknowledge that corporations are being asked to stand another blow. When the tax amounts to 54 per cent or 55 per cent of the total profits of any corporation, the time comes when people become discouraged. If they have a few thousand dollars to invest they are tempted to put their money in trust company certificates at 7 per cent, go down to Florida during the winter and come back and enjoy the sunshine of Canada during the summer. This is what they are liable to do if they are taxed too much. It seems to me a great deal of ordinary judgment is required in connection with the raising of this badly needed money. I repeat that I do not believe the area of expenditure, and particularly the area of waste, has been thoroughly explored with a view to eliminating it.

I wonder where the minister got his figures for the profits for next year? I assume he based them on the current year's profits. I submit there is no guarantee that profits in 1968 will be as large as they were in 1967. I have spoken to a few people who are in business and they are greatly concerned about their prospects for the current year. I consider there is one thing in this country that should be changed. There should be less government in business and more business in government. I am going to quote the words the Minister of Finance used in his speech yesterday because they relate to these same corporations it is proposed to tax. As found on page 7337 of *Hansard* he said:

> We must give priority in our fiscal policy to resisting inflation. We must also plan, in consultation with business—

I draw attention to those words, "in consultation with business".

> —with labour, and with all those whose decisions are important in determining prices, a means of greater understanding of the mutual danger of excessive increases in prices and wages, and other costs by which those in positions of strength can exploit their market power under present circumstances.

My reason for quoting these words is simply that it seems to me it is altogether fitting and proper that the groups of people under the general headings of business and labour should be consulted because they all have a part in this problem of inflation. They are contributing factors to it. The minister is now going to consult business as a means of resisting inflation. However, in the same breath he singles out business for discrimination in connection with the payment of taxes. In my opninon, that does not add up properly.

• (4:10 p.m.)

Since 1963 there has been a large increase in the number of government employees. I admit that generally speaking government employees are very efficient, but there has been a large increase in the expense, with more and more boards, commissions, crown corporations and all that sort of thing, until one is almost black and blue in the face talking about them, all adding to the expense being paid by that apparently forgotten man, the taxpayer. We hardly ever hear his name mentioned in this chamber. He is the fellow who is paying the taxes but he is the forgotten man.

Governments apparently are tampering to a greater extent than ever before with pay envelopes. I believe that this trend should be reduced. I do not believe in governments taking to themselves the responsibility of providing for a segment of the population and then taxing the whole population to supply the funds for that purpose. No lesser man than the late Right Hon. W. L. Mackenzie King said that the collection of taxes by one government body for the benefit of and payment to another was a vicious principle. Now I am getting into another subject which I do not want to pursue, but the point is that it would be better for governments to address themselves to making it possible for people to do things for themselves rather than provide them with something at public expense.

One of the great philosophers of the United States, Professor Channing, about 100 years ago was asked if it was the function of government to provide happiness for people. He replied no, that it is the function of government, to the extent that it is in its power to do so, to provide the means by which people may make themselves happy. This is a statement which deserves more attention than it has received.

I now come to the question of Canadian productivity and a comparison with our friends to the south. It seems to me that this is right along the line I have been talking. If a producer is told that his pay cheque is going to be constantly eroded and interfered with, after a while he will become discouraged. He will ask himself, "What is the use? The government is going to take it all away from me anyway and there is going to be nothing left. What do I care how little I produce"?

A few moments ago I quoted from an editorial in this morning's *Gazette* headed "Still Not What Is Needed". I think it is a tremendous editorial. It is not entirely uncomplimentary to the minister, but that does not hurt my feelings. It deals with the subject of the protection of the country against inflation and the establishment of guide lines by the government. I am quite prepared to acknowledge that on account of the selfishness of some people individuals do require some regulating because they are not all perfect. We have to have some guide lines for business and to prevent inflation. I quote from the editorial:

> In his statement yesterday Mr. Sharp admitted the need for the government to give some sort of guidance in the fight against inflation by establishing some kind of guide lines, even if the name "guide lines" was itself avoided. This is in itself a good step. The tendency of the government in the years that are past was to condemn inflation in generalities but never to come down to cases.

I do not see anything wrong with the word "guide lines". If I were a member of the government I would not mind it. It seems to me that guide lines are a good thing for a group of people such as a government in charge of the destinies of a large number of people. I continue quoting from the editorial:

> One of the reasons, it might be suspected, why the government has hitherto avoided setting any sort of guide lines is that it was reluctant to set the necessary example. To lay down guide lines for others, while its own spending was bulging, would have been to invite acute embarrassment, with nowhere to hide.

I know that the minister and his colleagues have read this editorial. To me that last paragraph is a very potent one and proper note should be taken of it.

In his speech yesterday the minister announced the freezing of the number of employees in the public service. This is something which was done in 1962. The public service commission at that time, when vacancies arose, advertised them within the department concerned, then within the public service generally, and finally within the public service all over Canada. As a result nobody

was hurt by the freeze. People in the service received the preference which they should receive. In 1962 that eliminated a good deal of expense in a gradual way. The editorial deals with the matter as follows:

> As for freezing for the time being the number of employees, this was made necessary by the Auditor General's report—a report tabled in the house on the same day that Mr. Sharp's tax bill was defeated. The Auditor General pointed out that the costs of the government's administrative overhead had increased by almost 60 per cent since 1962-63, and that the number of those employed in government departments, the crown corporations and other instrumentalities had increased for the year ending March 31, 1967 by 18,788 over the previous year.
>
> No government could set an example for curbing inflation when it was spending so much and employing so many.
>
> It may well be that Mr. Sharp did the best he could amidst the cross-currents of a seriously divided cabinet—a cabinet so divided on economic policy as to have made adequate measures against inflation impossible for years. The government needs full support for whatever it may do to come to grips with the financial crisis.

The minister knows better than the writer of this editorial whether the reference to cross-currents in a seriously divided cabinet is justified. However, we can point to the fact that living next door to a very large, healthy and friendly neighbour, the minister often goes down to New York and Washington. This is a most natural thing for him to do, and there he discusses financial matters. But surely when he goes there they must ask him, "What about that fellow up there who doesn't want us in Canada? What about the President of the Privy Council who says you should buy Canada back and who doesn't want us there"? What does he reply when he is asked that question and has to answer it? I think it is a very difficult question to answer. This gives us some idea of the division within the cabinet, a division which has much to do with our people's lack of confidence in the cabinet.

• (4:20 p.m.)

In the *Gazette* yesterday Mr. Blakely, a distinguished member of the press gallery, said this about inflationary tendencies:

> —back last October, the inflationary tendencies (which have certainly become no weaker since) were sufficiently disturbing that Mr. Sharp felt that he had little to lose and everything to gain by giving the guide line...er, that is voluntary restraint...concept a whirl. In his own mind, at least, he even had the timing fairly well worked out.

It adds up to everyone in this country being conscious of inflation. I do not think the government has paid enough attention to ways to reduce expenditures. Expenditures for the current year ending March 31, 1968, cannot be reduced sufficiently in order to restore confidence in this country. Next year's expenditures must be considered. It is no good having someone say that next year's expenditure increase of, say, $6.5 billion has been reduced to $6 billion and that a saving has been made. In those figures there is no saving, and to suggest there is is nonsense.

I am critical of the government for not giving leadership to our people in ways to fight inflation. Ministers of finance have bragged about how good things are. I must say that the present Minister of Finance, who has a broader outlook than his predecessor had, has admitted that our good times began in 1961. His predecessor said they began in 1963 on the day the Liberals came to power. That was his submission. Nevertheless, the present Minister of Finance, who is a man of some stature, has said that our good times started under the previous government in 1961. We have had good times and that is why I suggested a few moments ago that we should have tapered off our public spending when the private sector of the economy could carry the ball. The government ought to have balanced its budget and kept out of the money markets. It ought not to have competed for materials and labour with the private sector.

Had the government balanced its budget when times were good and had it not gone to the money markets its credit would now be good. If it needed money in difficult times it could borrow it. Difficult times are not here yet but they may come. The Bible says that we may expect seven years of plenty to be followed by seven years that are not so good. I do not say that we will have seven bad years but since we have had seven years of plenty we may expect times not to be quite so good in future.

At his convenience I hope the Minister of Finance will explain why, when times were good, the government did not save for the rainy day which was bound to come. Failure to do so demonstrates lack of leadership. I charge the government with not giving leadership, and it deserves that charge. The government competed with private industry for labour, material and money. No one questions the government's right to govern, though many question its ability to govern.

Some hon. Members: Hear, hear.

Mr. Flemming: The government deserves censure for doing what it ought not to have

done and for not doing what it ought to have done. Now the minister asks us to co-operate in getting the country out of the mess. Speaking for myself, I am sure that every member in this chamber wishes to do what is good for the country.

The Chairman: Order, please. I must interrupt the hon. member to advise him that his allotted time has expired.

An hon. Member: Carry on.

The Chairman: Does the committee give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Flemming: I thank the committee and I thank you, Mr. Chairman, for your consideration. The minister used some phrases in his speech which deserve attention. He spoke of a new character of urgency. That urgency, I submit, has been caused by this government's mismanagement. He also spoke about buttressing confidence. I took the trouble to look up the meaning of "buttress" and I found that it means "to prop it up". The minister asks us to prop up confidence.

Mr. Dinsdale: One cannot prop up this government.

Mr. Flemming: That is quite right, and I do not think we should. Confidence in this government has reached such a low level that it is almost impossible to restore it. Surely those who have weakened the country's confidence in the government are the members of the government themselves.

The minister asked for restraints in wage and price increases. That request is fair enough as long as the prices are restrained as well as wages. It would not be fair to interfere with wages unless attention were also paid to the cost of living and to the things that wages will buy.

The minister talked about the devaluation of sterling. May I suggest what brought about that devaluation? I wonder whether any member of the chamber would like to answer that question?

An hon. Member: Such as the hon. member for Burnaby-Coquitlam?

Mr. Flemming: No, no. I will not ask him to answer. I shall try to answer it myself. Briefly, I think devaluation was brought on by too many handouts in Great Britain. The British people could not produce goods in competition with the world and as a result Great Britain lost its foreign markets. For a long time the British have not been able to compete and this lack of competitiveness, for want of a better phrase, lasted without apparent ill effects just as long as Britain could borrow money. After a while Britain could borrow no more and there was nothing to be done except devalue sterling. The British lived beyond their means. We in Canada have lived beyond our means for the last five or six years. We have had a deficit of $750 million per year. That is the extent to which we have lived beyond our means, and for that the government must take responsibility.

Have we in Canada lost our ability to compete? Are we living beyond our means? Those are good questions and I shall attempt to answer them. No. I do not think we have lost our ability to compete but I do think we are living beyond our means. We have forgotten to encourage people to be productive. We must produce goods competitively with the rest of the world or we will find ourselves in the same predicament as Britain.

Some hon. Members: Hear, hear.

• (4:30 p.m.)

Mr. Flemming: As I say, we live alongside a very rich neighbour, a very good neighbour. They are fine people. They have many luxuries, and we think we are entitled to the same luxuries. I am not so sure we can afford them, but we do try to keep up with the Joneses. I suppose it is natural to do this. We enjoy virtually the same standard of living as the people of the United States, and we can compete with the United States in productivity and in the benefits it derives from world markets if we make up our minds to do so. That is all it takes. But the government must of necessity give some assistance and encouragement to industry to enable it to do that very thing. Up to now this encouragement and assistance have not been forthcoming.

I have mentioned foreign ownership of Canadian business, but since I am now trespassing on time which does not belong to me I shall not go into the subject further. We have the Watkins report. We have statements by the President of Privy Council about buying Canada back. If I had the time I could tell the committee some stories about businesses in the maritime provinces which would never have been started had it not been for United States capital. The proposals were turned down by Canadian banks. I know of

many such cases. What I think foreign owners of any business in Canada should do is this: they should abide by the laws of Canada. There can be no doubt about that. The things that are good for Canada are things that they should be doing; they should not ask for anything more than that.

I appreciate that the committee has been very kind to me in allowing me additional time. I have just about concluded what I wish to say except for one thing. We find that the whole question of the medicare program due to begin on July 1 is apparently still under consideration. People say to me: the one thing we do not need is more taxes. And this scheme would involve more taxes, an estimated 12 per cent.

I say to the government that this issue ought to be cleared up because nothing is worse in the life of a nation or an individual than uncertainty. Nothing is worse in the financial world than uncertainty. The government has to decide and restore the confidence which I believe has been partially destroyed, not completely destroyed but partially destroyed. The way to do this is for hon. gentlemen opposite to put their own house in order. If I were to give any advice to the Minister of Finance this would be the advice I would give him.

Some hon. Members: Hear, hear.

Mr. McKinley: Mr. Chairman, many of the problems facing the country at the present time result from the fact that this government's policy has been one of ad hoc measures, chopping and changing, looking for short-term expediency rather than following a consistent, carefully thought out program designed to ensure even economic expansion.

I should like to review a few facts in this connection. Part of what I have to say may have been said before but I still think it bears repeating. We are now experiencing high costs, increased taxes, high prices and general uneasiness because of the extravagant spending policies of the government. The high prices arise from an increase in demand in which the federal government has been a major component. Increases in the money supply of a sporadic nature and sudden fluctuations in federal spending, particularly in 1966, have unsettled the money market and added to our difficulties. Unwise taxation policies such as the sales tax on building materials have increased built-in business and industrial costs and harmed our productivity and capacity to produce. The minister is now forced to levy new taxes upon an already burdened economy. Unemployment is rising and a number of indicators show a general softening of the economy. Lay-offs are spreading, the boom has tapered off, yet inflation is still sweeping the country.

What is required is a return to competent, effective long-range policies which will not depend on day to day fluctuations and which will result in restoring a climate of confidence. For many millions today, prosperity is being siphoned off by the erosive forces of runaway inflation and rising costs. Inflation has taken a heavy toll of the welfare and economic well-being of every Canadian. There is none so poor as not to be made poorer by it, none so rich as to escape its effects. It has borne most heavily upon those least able to sustain it.

Inflation has become an uncontrolled monster seeking whom it may devour. Prosperity is being siphoned away. Those who never rose to the level of prosperity have had their situation worsened by the indirect yet nonetheless real tax which inflation imposes.

In his budget speech of June 1, 1967, the Minister of Finance outlined the very real dangers of inflation when he said, as reported at page 865 of *Hansard*:

> Our record in the past two years, in this respect, has deteriorated. Between April, 1965 and this April the consumer price index has gone up by 7.3 per cent.

In the same speech he said:

> If unchecked, such increases in costs and prices must lead to increasing inequity and dissension in the country and to a worsening of our competitive position vis-à-vis the United States. This would impose a serious restraint on the growth of Canadian industry and frustrate our efforts to maintain a steady rate of expansion in the jobs available for our growing labour force.

This, Mr. Chairman, is exactly what has been happening.

The former minister of finance, now President of Privy Council, reduced taxes by 10 per cent in April, 1965. Some said it was an election budget. He said it was not. However, an election did take place in November, 1965, two years after the previous one. When hon. members opposite should have been straightening out financial affairs, all they could think about was getting a majority. Their hopes were disappointed.

The present minister brought in a budget in March, 1966, a springtime budget, whose major objective was to restore the pre-election tax cuts. His next budget was a mini-budget. In that budget, he raised the amount

payable by the taxpayer for old age security, and increased the general sales tax by one percentage point. He felt this would not be inflationary. But it has been. In his budget speech, as reported in *Hansard* at page 11331, he stated:

> We must moderate the rate of increase in new public expenditures. Neither the capacity nor the willingness of Canadians to pay higher taxes should be taken for granted.

• (4:40 p.m.)

I suggest also that neither should the willingness of the House of Commons be taken for granted. Let me quote from an editorial which appeared in the London *Free Press* of November 1, 1967. I believe the London *Free Press* is one of the most factual newspapers in Canada. This is what it had to say:

> Employment in the federal civil service grew last year at an average rate of better than 1,000 a month, a pace unmatched since the crash build-up during the second world war.
>
> Although precise statistics on this year's growth are not yet available, most officials believe the rate is continuing.
>
> At Jan. 1 there were 222,385 persons on the payroll of government departments and their direct agencies, a 12-month increase of 13,711 or 6.6 per cent.
>
> These figures does not include independent federal corporations such as the C.B.C., Air Canada, Central Mortgage and Housing Corp., Atomic Energy of Canada Ltd., or any of the special agencies set up for centennial year and Expo 67.
>
> Civil service employment has been creeping up steadily from its wartime peak to 116,000 in 1945. But it didn't really start to surge until the start of 1965. Since then it has been increased by an astounding 9 per cent.

This was going on while the minister was making these statements in his budget speech. The main feature of the budget of last June was to remove the sales tax on drugs, no doubt in order that Canadians, in view of what was coming, would be able to have recourse to cheaper sedatives. Canadians are being asked, through higher taxes and unemployment to pay for the inability of the government to adopt effective, long-range policies.

In his budget of March, 1966 the Minister of Finance also did not seem to have been aware of the situation. When he became aware of the fact that he was dealing with a runaway situation he seemed to have been unable to impress upon his colleagues the need to sacrifice some personal programs. As reported at page 3390 of *Hansard* for March 29, 1966, the minister said:

> Our situation calls for some restraint in expansion; it does not call for deflation. As a nation we should ease up our foot on the gas pedal, not slam on the brakes.

I am sure we all remember those words. The government is now in a difficult position which was brought about by the unevenness of its fiscal policies and lack of restraint. The government must now increase taxes in order to meet its obligations and reassure the financial markets. Obviously the government failed to foresee the sharp change in the economic climate brought about in part by its policies.

In the budget of last June the minister urged restraint and increased federal expenditures by $1.4 billion. Today the economy is levelling off but inflation continues to pose a threat. I say that the government waited altogether too long before dealing with inflation. Now the danger is that in attempting to do what the minister says they should have begun to do after 1965 they may bring great hardship and difficulty to large sections of the economy. Never was there greater need for clear, consistent fiscal policies. The following words appear in *Hansard* for April 10, 1962, page 2718. This was before I was a member of the house.

> The taxpayer of this country is going to need a headache tablet when he is confronted this year with another deficit of $745 million.

That was said by the right hon. Prime Minister. I have here the press release of the minister's budget speech of November 30, 1967, in which he stated:

> These high financial requirements were due not only to the deficit in our budget accounts which was forecast at $740 million—

The figure is almost the same. I believe this perhaps explains why the tax was taken off drugs, including headache tablets. We now find ourselves in a situation where all the indicators show a sagging economy. The unemployment figure for January included more than 6 per cent of the labour force. If one looks at *Hansard* one can see how those on the government side wailed about unemployment a few years ago. Now it does not seem to be nearly so big a problem. They say there is unemployment all over the world. However, while unemployment in Canada is rising the unemployment figure in the United States for the month of January was the lowest since 1953. It was a mere 3.5 per cent of the labour force.

Now the minister comes along with a surcharge on income tax. Canadians are paying more income tax now than ever before and are receiving less for it. The government does not intend to bring in a budget. When one is brought in I expect that taxes will be increased again. This is what the minister

said to the hon. member for Regina the other day. I believe we understand why they do not want to bring in a budget now. There would be a conflict of interest if the minister during his leadership campaign had to bring in a budget which called for another tax increase. He will leave that for the new leader. A few years ago it was said in the house that the government was rudderless. Now it is both rudderless and leaderless. I say to you that I believe this was proven on February 19. Obviously not very much will be done about the financial mess until the leadership convention is over.

In the meantime the bank interest rate is soaring at 7 per cent and higher. The N.H.A. mortgage rate at 8§ per cent is out of reach of the majority of young Canadians and the average cost of a new home has risen 28 per cent in the past four years. What kind of policy is this? In addition, the provinces are financially unable to take on the responsibility of the federally designed medicare scheme, although most of them have schemes of their own which are equally good and a lot sounder financially. Instead of getting together with the provinces to work out a scheme that would be both feasible and practical the government insists on imposing its own particular scheme on the provinces even though it will be neither national nor portable.

I think the people of Canada should know that the government must face the bills both for medicare and Expo. The Expo deficit is estimated to be between $100 million and $200 million. The minister stated that these figures were not included in the last budget. The government tried to sweep this under the rug but it was still there. The other day in the house the minister said that it has been looked after. I suspect that the only way it could be looked after would be by having a larger deficit for the people to pay.

A while ago the former minister of finance, the President of the Privy Council, added to the confusion a little by bringing down a report which would have the effect of strangling our economic expansion by cutting off capital investment. There is no surprise in the fact that investors at home and abroad have lost confidence in the government's ability to manage the economy. It is an indication of the strength of the economy that we have maintained prosperity in spite of high taxes, high prices and the general mismanagement of the government.

[Mr. McKinley.]

• (4:50 p.m.)

Canada has been receiving $1 billion per year in the form of United States investment. That money is needed for expansion and the provision of jobs in Canada. In 1965-66 United States citizens invested $1,500 million in Canada. I should like to know how the President of the Privy Council intends to replace this investment if it is cut back. There has been a definite decline in economic expansion in this country as a result of the government's action in increasing taxes and bringing about measures which have increased the high level of government expenditure.

Since the first part of 1966 production has risen at a rate of only 2 per cent compared with the 6 per cent increase in the preceding five years. A growth rate of 2 per cent is not sufficient when one considers the additional 200,000 people entering our labour force each year. Income is slowing down at the same time that unemployment and inflation are increasing. In this regard I agree completely with the hon. member for Carleton.

Canadian productivity is only 70 per cent of the level attained by the United States. Unless we can keep pace and keep costs down we will be unable to compete in export markets. The report of the D.B.S. last September indicated that prices had increased by 4 per cent since 1966. The cost of housing has increased to a greater extent than ever before, and the sales tax on construction materials has not alleviated the situation. Federal expenditures under this government have increased by 60 per cent since the fiscal year 1962-63 after it took office. The government forecast of governmental expenditure is $10 billion for 1968-69. This estimate does not include the cost of medicare or the Expo deficit. As government expenditures have risen the cost of living has risen. This is partly the result of an increase in indirect taxes which Canadians pay for housing, food, clothing, medicine and all those things needed to maintain life.

The government says it intends to cut down on expenditures. Government spending increased last year by 4.6 per cent. I suppose the minister is trying to save money to offset the money he lost as a result of the defeat of his measure to increase taxes. It appears that government finances are pathetic. Public confidence in this government has evaporated. The Bank of Canada is desperately afraid of the dollar value sagging and the government has taken measures to prevent such an occurrence. In the meantime the farmer has been

caught in a cost-price squeeze and it seems that the government can do nothing about it. During the last three years the government has been talking about assisting the agricultural industry but it has done little or nothing to help. Let me congratulate the Minister of Agriculture for assisting the dairy farmer, but I must say that the assistance has been too small.

The government has frittered away huge sums in empty gestures which have been of very little assistance to the farmer, the businessman or the taxpayer. The government has allowed our productivity to diminish. It is no wonder that the financial world has very little confidence in this government which is so moribund and so lost to responsibility it cannot keep its feet on the ground or its eyes on the national economy.

Mr. Sharp: Mr. Chairman, I should like to ask the committee to rise and report progress in order that the house may revert to motions. At that time I should like to make an important announcement.

Progress reported.

FINANCE

EXEMPTION OF CANADA FROM U.S. BALANCE OF PAYMENTS MEASURES—PROVISION OF STAND-BY CREDITS

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to ask the house to revert to motions.

Mr. Deputy Speaker: Does the house give unanimous consent to the minister's request to revert to motions?

Some hon. Members: Agreed.

Mr. Sharp: Mr. Speaker, I should like to table two documents and make an important announcement. The first document consists of an exchange of letters made today between the hon. Henry Fowler, secretary of the treasury in Washington, and myself concerning the application to Canada of the United States balance of payments measures.

Mr. Deputy Speaker: Does the house give unanimous consent to the minister to table these documents?

Some hon. Members: Agreed.

Mr. Sharp: The effect of this exchange is that Canada is now completely exempted from the operation of the balance of payments program of the United States affecting capital flow. I refer specifically to the measures affecting direct investment that are administered by the department of commerce and the programs administered by the federal reserve system. Our exemption from the interest equalization tax on new issues remains intact.

Freedom from these major United States programs achieves a goal toward which we have been working for a long time. Moreover, it does so without in any way impairing our independence of action.

• (5:00 p.m.)

The Canadian government on its side has felt that these steps by the United States should be matched by further reciprocal helpful steps on the Canadian side. To ensure that the United States balance of payments position is in no way impaired as a result of the United States action, the Canadian government has said that it is its intention to take any steps necessary to ensure that the exemption from the United States program does not result in Canada being used as a "pass-through" by which the purpose of the United States balance of payments program is frustrated.

In my letter I go on to say that it is also our intention to invest our entire holdings of United States dollars, apart from necessary working balances, in United States government securities which do not constitute a liquid claim on the United States, with, of course, effective safeguards to our position should our reserve level require. At the present time these exchange reserves are invested in marketable United States government securities. I have no doubt these undertakings are in the interests of both countries and in the general interest internationally.

The second announcement I am making today is that arrangements have now been made for an additional $900 million United States in stand-by credits to be available to supplement Canada's foreign exchange reserves. Of this amount $500 million United States will be made available by the United States Export-Import Bank to the government of Canada. The other $400 million United States will be made available to the Bank of Canada by the central banks of Germany and Italy and the Bank for International Settlements.

I wish to express the appreciation of the government for the action of the United States authorities and the three banks in Europe in arranging these credit facilities. I am sure that the house will recognize the

great significance of this announcement. There is no doubt about the basic underlying strength of the Canadian economy. All doubts regarding our access to capital from the United States have now been removed.

Mr. Douglas: Mr. Speaker, could I ask the minister a question before he sits down?

Mr. Monteith: Wait for a minute.

Mr. Douglas: I want to ask the minister a question to clarify one point, if I may. Does the removal of the United States balance of payments program so far as Canada is concerned include the matter of repatriation?

Mr. Sharp: Yes.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I rise simply to say that we are pleased to hear of these arrangements made with the United States authorities and certainly hope they will provide further strength to our currency and our position.

Some hon. Members: Hear, hear.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I presume we should greet the minister's comments with satisfaction although for my part some doubts are raised in my mind and I wonder whether there have been any special attacks on the Canadian dollar recently which have necessitated this arrangement with the United States for such a vast sum of money. It leaves me rather puzzled as to what can have happened in the last few days to cause this arrangement to be necessary.

With regard to the relief from the United States guide lines respecting foreign investment and repatriation of dividends I shall have something to say on that matter later today, I hope. I still think it is based upon a miscalculation of Canada's real needs or a miscalculation of the way in which we should deal with the problem of available capital in this country.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Chairman, we are particularly pleased with the statement of the hon. Minister of Finance (Mr. Sharp) to the effect that Canadian investments in the United States will be better recognized and respected than they were previously, and that even the dividends on those investments will come back to Canada.

We feel that this will benefit Canada. Any country, not only the United States, acting in this fashion, would be helping to consolidate the economic position of Canada on the national as well as the international plane.

We are therefore quite pleased.

[*English*]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed Bill C-197, an act to amend the Unemployment Insurance Act, without any amendment.

SUPPLY

The house in committee of supply, Mr. Tardif in the chair.

DEPARTMENT OF FINANCE

Administration—

4c. Grant to the endowment fund of the Vanier Institute of the Family—L'institut Vanier de la famille, $236,869.

The Assistant Deputy Chairman: Order. House again in committee of supply, supplementary estimates (C), 1967-68, Department of Finance, vote 4c. Shall this item carry?

[*Translation*]

Mr. Grégoire: Mr. Chairman, before the hon. Minister of Finance (Mr. Sharp) made his statement, we were discussing the supplementary estimates, specifically those of the Department of Finance.

On scanning the speech made yesterday by the hon. minister, one realizes that it is rather likely to spread fear and anxiety with regard to the Canadian economy.

Indeed, one can read sentences like this one, that we must:

—take action which will buttress confidence in the Canadian economy and the Canadian dollar in the midst of mounting international financial uncertainties.

• (5:10 p.m.)

Mention is also made of new fiscal measures to replace the income lost through the defeat of Bill No. C-193.

There is also talk of further reductions in expenditures; of the need to slow down the increase in prices and wages; of the fact that the Bank of Canada has raised its bank rate from 6 to 7 per cent.

Mention is made also of the decrease in Canadian reserves, that is $100 million at the end of January, and another of $113 million at the end of February.

Further on, the hon. Minister of Finance also says, as found on page 7335 of *Hansard:*

—the rhythm of growth slackened, particularly in business capital spending while employment and production levelled off.

Mr. Chairman, the hon. minister uses all sorts of expressions, in speaking to us of cut-backs in spending, tax increases, the rising level of unemployment, and so on.

Oddly enough, this makes me think of a speech made by another candidate for the Liberal leadership, Mr. Eric Kierans who said, according to the October 2, 1967 issue of *Le Devoir:*

What would be the economic fate of a separated Quebec?

In his speech on a "separated Quebec", Mr. Eric Kierans said that separation would entail increased unemployment.

In his speech yesterday, the hon. Minister of Finance also tells us that employment has slowed down and that unemployment has increased.

In his speech, Mr. Kierans also mentioned that the separation of Quebec would lead to poverty, because expenditures would have to be reduced. Now, in his statement of yesterday afternoon, the Minister of Finance announced that the federal government had to reduce expenditures and restrict the number of civil servants.

On the other hand, in his speech of October last, Mr. Kierans said, and I quote:

Foreign capital will stay away from Quebec.

In his remarks yesterday, the Minister of Finance also announced the withdrawal of foreign capital, which is being redirected to the United States. They were the very same arguments put forward by Mr. Eric Kierans, candidate in the Liberal party leadership race, last October, in a hypothetic and psychedelic dream: the seven plagues of Egypt.

The Minister of Finance tells us today that the seven plagues of Egypt are raging throughout Canada, that unemployment is increasing, that production is slowing down noticeably, that expenditures must be cut, etc.

Mr. Kierans was trying to scare us at that time. The present Minister of Finance tells us: The seven plagues of Egypt are here.

Mr. Chairman, following the speech in which the Minister of Finance announced that we were faced with the situation against which Mr. Kierans was trying to warn us, I tell myself that if Quebec wants to avoid those seven plagues of Egypt, it should withdraw from this administration economically and financially directed by the present Minister of Finance.

Mr. Chairman, the reason for that is very simple. Canada has never been able to develop an entity of its own and become independent.

We are told about Canada's dismal economic situation at the present time. Mr. Chairman, with regard to that situation, I would like to refer to two questions I recently put to the Minister of Finance.

The first one was as follows:

Has Canada granted any loans to England since 1938?

What was the amount of each of these loans?

What was the interest rate on each of these loans?

What amounts were not paid back at the date of maturity?

On January 31, 1968, I obtained the following answer:

In 1943, a loan of $700 million, interest free, was granted to Great Britain under the 1942 legislation. That loan was granted without interest.

Other loans were granted at 2 per cent interest. They were not then granted under a war legislation, but in accordance with a 1946 legislation, even if war had ended. In fact, they were granted on account of the affection of the Minister of Finance of the time for his mother-in-law, Great Britain.

Those loans at 2 per cent interest were refundable in 50 instalments.

What were the amounts granted?

In 1947, $640 million. It was a large amount, but it was not enough!

In 1948, another loan of $368 million was made. That amounted to a big figure in two years, but it was still not enough.

In 1949, $37 million. In 1950, $120 million. In 1951, $20 million.

All these loans, Mr. Chairman, made up a total of $1,185 million loaned at 2 per cent interest for a 50-year period and repayable in 50 annual instalments.

When I asked whether the amount was repaid, I was told that the United Kingdom still owed us the whole amount in 1951, namely four years after. At that time, nothing had been repaid yet.

In 1958, the repayment of principal is deferred: there is no repayment. In 1965, the repayment of principal is deferred. Until when? We do not know, nothing is said about that. In 1966, the repayment of principal is deferred again.

In 1957, the interest due on December 31 amounted to $22,300,000 and the payment was deferred, but we do not know until when.

In 1958, the interest due December 31 amounted to $21,900,000 and the payment was deferred once more.

In 1965, the interest due December 31 amounted to $19,600,000 and the payment was again deferred.

In 1966, the interest due December 31 amounted to $19,200,000, and it was deferred again.

The total of the interest due amounted to $83 million and the rate of interest is 2 per cent only. This means that, between 1947 and 1967, we should have had 20 repayments out of 50 yet the United Kingdom still owes us $1,185 million.

In fact, they still owe us a principal of $976,200,000, plus the $83 million accrued interest that has not been paid yet or that was deferred. This makes up a total of about $1,165 million at the end of 20 years. While we loaned them $1,185 million in 20 years, they repaid only $120 million at an interest rate of 2 per cent.

In the meantime, the hon. Minister of Finance is tearing his hair out because the interest rates are going up. He is paying this year, on Canada's debt, and in interest only, the amount of $1,406 million, while we are lending to England at 2 per cent.

When Great Britain does not pay back any principal or interest, nothing is said. We are told: it is deferred. Till when? Nobody knows, it is just deferred. Seven or rather 12 payments deferred in 20 years!

Mr. Chairman, where are Canada's interests? In England or in Canada? It is no wonder that we find ourselves in the position so aptly described yesterday by the Minister of Finance when he spoke about lower employment, a decreased growth rate, more unemployment and more taxes. That is what Eric Kierans was saying to us in October 1967.

• (5:20 p.m.)

Mr. Chairman, when I see all those debts, I tell myself that Canadians, as we say, are always stung, in a country which does not even try to take its rightful place economically, but only to act according to the whims of mother-in-law, England. We have proof of that. While other countries owe us money, we find ourselves in the situation as described by the Minister of Finance yesterday.

Mr. Chairman, what we do not realize is precisely that Canada does not attempt to serve the interests of Canadians, it does not attempt to develop the Canadian economy, but rather endeavours to be the vassal of foreign interests. Our country does not try to develop a Canadian policy, but it is always oriented by a policy planned in Washington or in London. It does not attempt to develop its own identity, because it is always accepting what develops in England or in the United States.

Those are the reasons why I said that Quebec would gain by getting out as soon as possible, in order to avoid the seven plagues of Egypt of the Minister of Finance and establish its own economic, social and cultural policies and build its own identity.

[*English*]

Mr. Ballard: Mr. Chairman, I think the basis of the point I want to put across this afternoon can be clearly understood if we look at the present situation in this chamber. We are now discussing the finance estimates, yet the Minister of Finance is not in the house. I doubt very much that there is anybody in the house directly representing him. This bears out the contempt in which the minister holds opinions expressed by members of this house and by people who are authorities in the field of finance. I draw a distinction between members of the house and those who are authorities in finance. It seems evident to me that the minister is thoroughly convinced that no one but himself really understands the problems of this country.

We were pleased, as Canadians and as members of parliament, to hear the announcement just made by the Minister of Finance. The fact that the United States government has come to our assistance with a promise of financial support if we need it, and more particularly the fact that the restrictions that have been applied by the United States government in the field of foreign investment will not apply to Canada, make us happier. I am pleased to hear this because the area which I represent is very much involved with investment from the United States.

I am speaking, of course, of the oil industry of Alberta which has depended a great deal upon its ability to attract United States funds to this country. I do not know the current figure for investment in the oil industry but I would venture to say it is many millions of dollars. Many areas in Alberta, the Northwest Territories and the Arctic region are now being looked at by the oil industry, and the development of these areas will, of course, require influx of United States capital. One of these developments is the Pan-Arctic development in which the government is participating with several United States and Canadian oil companies. I take the personal view that we will never have too much in the way of oil reserves. We must encourage the oil industry to develop and find new reserves by every means at our disposal. The announcement that the United States government is not going to place general restrictions on the export of capital to Canada gives encouragement to the oil developers in my part of the country.

I must say that when the Carter report was tabled last year the oil industry was very much opposed to the concepts put forward in it. Many companies at that time were reluctant to go ahead with development plans for fear the recommendations in the Carter report would be put into effect. The statement made by the Minister of Finance in his December budget that the Carter recommendations would be put in limbo for an indefinite period of time was encouraging news to them.

When the minister opened his remarks on the supplementary estimates he stated, as recorded on page 7332 of *Hansard:*

> The immediate and urgent task facing the government and parliament is to take action which will buttress confidence in the Canadian economy and the Canadian dollar in the midst of mounting international financial uncertanties.

I feel that this is one of the difficulties the Minister of Finance has to face. He has not been prepared to take a position on any matter in connection with finance until the situation is urgent and has to be solved immediately. He has been applying his remedies to situations after they occur instead of acting in such a way that government planning would influence the future developments of the country. In the next paragraph of the minister's speech on page 7332 of *Hansard* I find these words:

> There is little we can do in this parliament to affect the underlying forces at work in international markets. We do have responsibility to ensure that we do not contribute, either by our action or by inaction, to the weakening of our own position and the worsening of the world financial situation.

These remarks reinforce the argument I have just made that the Minister of Finance and the government have been closing the door after the bull has escaped. I say "bull" advisedly because I think we are going to hear more of the bull later today. It is true that it is not possible for the minister to influence the present international financial situation by anything we may do in this house today. Remedies do not have an immediate effect in the international monetary field. The international monetary system responds to conditions that build up day after day until a point is reached where they are intolerable. At that time adjustments are automatically made in the international financial market.

It is also true, and I think it is unfortunate for the country, that the Minister of Finance is an arrogant person. He is a person who, as I indicated before, is not prepared to take advice from this side of the house. In fact, he is not prepared to take advice from any quarter, regardless of the responsibility, experience or capability of the person who may give the advice. We know that in many instances the minister has been advised by the governor of the Bank of Canada, by the Economic Council of Canada and by various recognized authorities on finance and monetary affairs. The minister has received advice from these people but has chosen to ignore it.

• (5:30 p.m.)

To substantiate the statement I have just made I wish to place on the record a few of the warnings expressed in the recent past, forecasting the position we are getting into in this country. I think it is obvious to all that for at least the past two years this country has been spending more than it has been earning. Our rate of productivity has gone up very slowly but the rate of government spending has gone up precipitously. As a matter of fact, the rate of government spending in Canada has increased more than in the United States even though that country is involved in an unfortunate war in Viet Nam.

An editorial headed, "You Can't Get A Quart Out Of A Pint Jug", in the Ottawa *Journal* of March 15, 1967, quoted Mr. Rasminsky, governor of the Bank of Canada, as saying:

> Diverging movements in costs and productivity such as we have been seeing recently cannot go on for long without seriously affecting the Canadian economy.

It is clear to me that for much of the last two years we have overloaded the economy.

As a matter of simple economic arithmetic, the real income of the community is inevitably limited by the amounts we can in fact produce. You cannot get a quart of wine out of a pint jug.

This is exactly what we have been trying to do in Canada. We have been trying to take more out of the economy than we have put into it. This is an impossibility and it is one of the main reasons for the financial dilemma in which we find ourselves. But the Minister of Finance chose to ignore the advice of one of Canada's senior civil servants. The editorial in the *Journal* called for some restraint on the part of the government, and I quote further:

On the same day revenue minister E. J. Benson disclosed to parliament the government's spending plans for 1967-68. They represent: an estimated $1.3 billion increase to more than $11 billion in the new fiscal year; by far the largest increase in peacetime history; more than twice the rate of increase in spending in the current year.

One can summarize the editorial writer's feeling by pointing out that in the fiscal year 1967-68 we had a budget of $11.2 billion whereas five years previously our budget was about $7½ billion. We cannot move that far that rapidly without some serious consequences to the country. The editorial further quoted Mr. Rasminsky as follows:

Unfortunately, if the warning signals are ignored and policy does not respond until a large number of unsustainable positions have been created, until costs and prices have risen very sharply, and international competitiveness has been impaired, then the problem becomes much more difficult to deal with in a way that will not halt the expansion of the economy.

This is the position we have come to today, Mr. Chairman. We have allowed prices to rise to the point where international competition is going to keep us out of international markets. We have reached the crisis. It is only now that the crisis is apparent that the Minister of Finance has recognized it. At least we hope he has recognized it.

An editorial in the Ottawa *Journal* of May 30, 1967 quoted Dr. John Deutsch, former chairman of the Economic Council of Canaday, as saying:

From the beginning of our work, we have been concerned with the inherent difficulty of achieving the goal of reasonable price stability in a Canadian economy which was successfully achieving high employment and rapid growth of output and living standards.

In other words, Dr. Deutsch was concerned about achieving the goal of reasonable price stability. This warning was ignored by the Minister of Finance.

[Mr. Ballard.]

I now quote another authority. Probably he will thank me for saying he is an authority in view of the fact that he is one of the candidates for the Liberal leadership. He is the Minister of Trade and Commerce, and as reported in the *Globe and Mail* of September 13, 1967, when speaking to the Canadian Construction Association he said:

...governments have tended to spend too much—not in relation to our social needs, for much remains to be done—but in relation to the economy's ability to generate government revenues.

The Minister of Finance has chosen to ignore the advice of his friend, the Minister of Trade and Commerce. I could go on giving examples to substantiate my contention that the Minister of Finance has ignored advice from every quarter.

The situation we are in today has not been sprung on us at the last moment. It is something that has developed over the last two and probably three years. The government has been spending much more than it should have. It has actually been a profligate government, not giving much consideration to where the necessary money comes from.

On December 7 last in a speech in this chamber I suggested that the government should set up a system of priorities or set up a committee to study priorities. A few days after that, but not as a result of my speech, the Prime Minister indicated that a cabinet committee would be set up to study spending priorities. Now it appears as though he was paying lip service to the idea because nothing has been done about it in the interval.

There has been steadily growing uneasiness throughout the country at the ever-increasing government expenditures. This uneasiness is reflected in the Auditor General's report where we find that the expenditures of practically all departments have been growing by leaps and bounds. In fact one department increased its expenditures by 114 per cent. It is disheartening to find the government completely ignoring the Auditor General's report. In the past it has ignored reports which have been submitted by the public accounts committee and we find that year after year the same recommendations by the Auditor General appear in his reports.

• (5:40 p.m.)

It is almost axiomatic that there is an increasing waste of money on the part of government agencies and departments, that there is a continuing increase in the numbers of government employees and that there is no effective procedure for administrative control.

That being so, I submit that the government should implement some of the Auditor General's recommendations and some of the public accounts committee's recommendations. Certainly the government ought to take advice from those who are not politically implicated in its problems. We shall move from crisis to crisis as long as the government ignores the advice it receives and the storm warnings that must be evident.

We stumble from one crisis to another and each time the government says that if we do not support its program the consequences for the country will be dire. To get its own way the government has almost threatened parliament with blackmail. Much needs to be done and this party will co-operate to bring forward necessary measures. Yet somewhere along the line surely the government must show that it has a sense of responsibility.

The government must stop trying to put right something that has already happened and is in the past. In the financial world adjustments cannot be expected to take effect quickly; it takes a long time for some remedies to work. It is important for the government to use modern techniques in statistics. Here I am thinking of computers, data banks and that sort of thing. The government ought to use modern facilities to forecast the future. Certain future trends can now be predicted fairly accurately and by knowing what those trends will be the government may prevent difficulties such as we are now experiencing from reoccurring.

I wish to read from page 261 of the fourth annual review of the Economic Council of Canada, published in September, 1967. The report speaks of the waste in government and of the Parkinsonian build-up of bureaucracies as well as the lack of adequate procedures in administrative control. The report speaks of the care that must be taken to prevent overspending in government services, and it says:

> However, this has not been matched by comparable advances in the development of procedures and machinery for dealing with much larger questions: for consistent and comprehensive determination of objectives and priorities; for continuing evaluation of the impact and effectiveness of the growing range and diversity of government programs in relation to their cost; and for increased co-ordination between governments in relation to these matters.

The members of the council say in their report that it is essential for the government to plan. They suggest that four questions about government programs ought to be asked, and for the sake of completeness I shall put the four questions, found on page 263 of the report, on the record:

> 1. What are the purposes to be served by a given program of expenditures and is the given program the most effective way of serving these purposes?
>
> 2. Are the purposes or the anticipated results of any program inconsistent in some ways with the purposes and results from other programs, and how can such inconsistencies be eliminated?
>
> 3. What are the benefits in relation to the costs involved?
>
> 4. What are the effects on the whole economic system of different tax or expenditure changes, as these work themselves out over time under changing conditions?

It will be remembered that along these lines I asked the government to set up a committee. In December I suggested that a committee of the house might be set up but the Prime Minister suggested that it might be a committee of cabinet. I will not quarrel with that. If we are to achieve a more rational structure of government financing we must establish priorities for government spending and rationalize existing expenditures. We must plan future expenditures within the framework of these priorities and we must find an acceptable way of transferring revenue sources from one level of government to another. Also, we must reform the revenue sources.

The government's present dilemma has resulted from lack of planning. Planning should be made to serve priorities in fields such as housing, urban transportation, water supply and the disposal of domestic and industrial waste, air pollution and water and soil pollution, education and research and, to complete the list, social welfare.

What has been done in these fields? I shall describe shortly what the government has done. In the field of housing the government's attention has been totally inadequate. In urban transportation government action has been negligible. In the field of water supply and waste disposal government action has been non-existent. With regard to air pollution, so far the government has just talked. In education and research the government has made a halfhearted attempt. With regard to social welfare the best one can say is that under this government it is unplanned, ramshackle and jerry-built. We need priorities. We must have a criterion for judging priorities.

• (5:50 p.m.)

What are these priorities? To deal first with social necessities, we could ask ourselves: Is

there a genuine need for this program and ought it to be done now or at a later date? Will it increase the standard of living? What social dividend might be expected? The second criterion should be: What is the cost of the program and what will be its effect on the current budget? Are the people prepared to pay increased taxes? Which level of government will finance the program? The last question is: What effect will this social program have on future budgets? Will it leave the government of a future day with its hands tied so that it can no longer be flexible when presenting a budget? This is one of the problems we face today in the present parliament. Our hands are tied. The amount of the budget which can be changed is very small indeed. All programs in connection with social welfare, education, transfer payments of any kind—

The Assistant Deputy Chairman: Order. I regret to interrupt the hon. member but his time has now expired.

Progress reported.

Mr. McNulty: Mr. Speaker, before we proceed to royal assent may I say that I believe there is an understanding in the house that we will rise between 6 and 8 p.m. and postpone the private members' hour tonight.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to amend the Territorial Lands Act, the Land Titles Act and the Public Lands Grants Act.

An act to provide for the dissolution of Northern Ontario Pipe Line Crown Corporation.

An act to amend the Defence Production Act.

An act to amend the Fish Inspection Act.

An act to amend the Currency, Mint and Exchange Fund Act and the Criminal Code.

[Mr. Ballard.]

An act to implement a broadcasting policy for Canada, to amend the Radio Act in consequence thereof and to enact other consequential and related provisions.

An act to amend the Excise Act.

An act to amend the Excise Tax Act.

An act to incorporate Commercial Solids Pipe Line Company.

An act respecting The Bell Telephone Company of Canada.

An act to amend the Unemployment Insurance Act.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the question to be raised at ten o'clock this day is as follows: The hon. member for Brandon-Souris (Mr. Dinsdale), Northern Affairs—reduction in budget for northern health services.

Pursuant to special order of the house made earlier this day the private members' hour is suspended. The house will resume its sitting at eight o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Speaker: Government order No. 2, house again in committee of ways and means.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act to provide among other things:

1. That for the 1968 and subsequent taxation years the amount deductible by a taxpayer in respect of gifts made to a province shall not be subject to the limitation imposed by paragraph (a) of subsection (1) of section 27, and the amount deductible in a year by a taxpayer in respect of gifts made either to a province or to Canada shall include an amount in respect of such gifts made by him in the preceding year to the extent that such amount was not deductible in computing his taxable income for the preceding year.

2. That with respect to taxable income earned in 1968 and 1969, in addition to the income tax otherwise payable by a corporation under the

Income Tax Act, a surtax be payable equal to 3 per cent of the amount of tax as determined under section 39 or 69 of that act, as the case may be.

3. That for the 1968 and 1969 taxation years, in addition to the income tax otherwise payable by an individual under the Income Tax Act, a surtax be payable equal to 3 per cent of the amount of the basic tax as determined under section 33 of that act in excess of $200.

4. That for the taxation years commencing after November 1968 a corporation shall during the 12 months period ending 2 months after the close of each taxation year, pay to the Receiver General of Canada

(a) on or before the last day of each of the 12 months in that period, an amount equal to one-twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(b) on or before the last day of the month ending 3 months after the close of each taxation year the remainder of the tax payable on its taxable income for the year at the rate for the year

and that for the taxation year commencing in the period after November 1967 and before December 1968 a corporation shall during the 10 months period ending 2 months after the close of its taxation year pay to the Receiver General of Canada

(c) on or before the last day of

(i) the 2nd month,

(ii) the 4th month,

(iii) the 6th month,

(iv) the 8th month and

(v) the 10th month

in that period an amount equal to one-fifth of the tax as estimated by it at the rate for the taxation year

(vi) on its estimated taxable income for the year, or

(vii) on its taxable income for the immediately preceding year,

(d) on or before the last day of the month ending 3 months after the close of its taxation year the remainder of the tax payable for the year at the rate for the year.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I rise on a point of order. Does a resolution such as this one not call for 48 hours notice. In fact, does standing order 41 not stipulate that:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of a committee or for placing a question on the order paper;

It is quite clear here.

A motion for leave to present... a resolution.

That is exactly what we are doing at the present time. However, no 48 hours notice has been given since the resolution appeared only yesterday in *Votes and Proceedings* and that there is still no mention of it on the orders of the day.

Besides, standing order 41A says this:

Unless notice of motion has been given under standing order 41, any member proposing to raise a question of privilege—

I am sorry, Mr. Chairman, it is standing order 42 which applies here and I quote:

A motion may, in case of urgency and pressing necessity... be made by unanimous consent of the house—

In this case, the Minister of Finance (Mr. Sharp) introduced the motion for the adoption of the resolution under standing order 41 without 48 hours notice, or without asking for the unanimous consent of the house.

Mr. Chairman, I notice that there is no mention of it yet on the order paper, or in the orders of the day. I will admit that a resolution appeared in today's *Votes and Proceedings*, but there was no mention of it in the orders of the day.

Item No. 2 of the orders of the day reads as follows:

House again in committee of ways and means.

And then, there is a note concerning the resolutions, and I quote:

Text of ways and means (customs tariff) resolutions appended to the notice paper of *Votes and Proceedings* of November 6, 1967.

But there is no mention at all of the text of the resolution, which appears in today's *Votes and Proceedings*. Tomorrow it will be mentioned in item No. 2 of the orders of the day under the heading: "House again in committee of ways and means". But it is not yet mentioned because 48 hours have not expired yet since notice was given that such resolution had been laid. That only makes 24 hours and it is only tomorrow that the committee could normally consider it.

Now, this 48 hour notice also applies to the committee of ways and means. I admit that for the house to resolve itself into the committee of ways and means, a motion can be introduced and be agreed to without debate, but once the committee of ways and means is set up and we are asked to discuss such a resolution, a 48 hour notice is required, under standing order 41, which specifically stipulates:

A motion for leave to present... a resolution.

That is the case here.

Then, Mr. Chairman, as less than 48 hours have elapsed since notice has been given, as no mention is made of the resolution in item 2 of orders of the day, and as the minister has

not requested unanimous consent of the house, I rise on a point of order and ask that we move on to another item or that you call the Minister of Finance to order by pointing out to him that it is against the rules for him to put his motion to pass a resolution this evening, because notice of such a move was given less than 48 hours ago.

[*English*]

Mr. Knowles: Mr. Chairman, I rise really to express the hope that someone might comment on the point raised by the hon. member for Lapointe; perhaps someone who takes the other side of the argument.

It is generally known that the acting house leader did consult with spokesmen for the other parties today as to whether there would be consent to go on with this matter tonight. I hope I am not speaking out of turn in saying that. Speaking for our party, even though we may be opposed to the legislation, we are not opposed to the house proceeding with it today in spite of the fact that notice was given only yesterday. It does seem to me we are dealing with a procedural matter concerning things which are not completely clear. There are precedents for proceeding in committee of ways and means in a manner different from that by which we proceed in respect of other matters. But still it is pretty hard to get around both the letter and the spirit of standing order 41 which does require 48 hours notice before we proceed with any proposition.

• (8:10 p.m.)

I am speaking rather tentatively, Mr. Chairman, because we do have a committee on procedure that is taking a long, hard look at all our rules and we may solve this problem in due course. I wonder whether there is any way tonight whereby the general agreement that has been reached could be proceeded with, without seeming to set a precedent that overrules the right of one hon. member to raise the point that has been raised by the hon. member for Lapointe. I confess to having some sympathy with the hon. member with regard to the strict reading of standing order 41, but I think I also know the mood of the house, which is that we would be willing to proceed tonight. I hope we can work this out.

Mr. MacEachen: Mr. Chairman, it is true, as the hon. member for Winnipeg North Centre has stated, that there was an understanding that we would proceed with this resolution at eight o'clock this evening. The hon. member for Winnipeg North Centre has suggested that there is some doubt with respect to the point of order raised by the hon. member for Lapointe.

Mr. Knowles: I think I expressed the doubt the other way. I think there is some doubt about our proceeding.

Mr. MacEachen: This is what I am referring to. We take the view that under the practice at the present time it is possible for the committee of ways and means to deal now with this resolution. However, it is a matter, for the Chair to decide, and we will accept the decision of the Chair. It is obvious that unanimous consent is not forthcoming. In the absence of unanimous consent we would ask for a ruling from the Chair. If it is favourable, we will continue tonight. If it is not, we will put off the resolution until tomorrow.

Mr. Churchill: Mr. Chairman, I have no objection to the waiving of standing order 41 tonight. That is not why I have risen. Also, I have no objection to the fact that I was not notified about this agreement.

Some hon. Members: Oh, oh.

Mr. Churchill: But I think the rights of hon. members have to be observed in this house. I object to the statement of the government house leader hinting that a ruling of the Chair will decide whether or not we shall proceed tonight. The only inference I can draw from this is that the government house leader wants the Chair to rule that standing order 41 in our rule book should be ignored.

Some hon. Members: No.

Mr. Churchill: I doubt very much whether under the circumstances that should be the case. On occasions where unanimous consent is required and that unanimous consent is not given, I see no recourse for the Chair but to abide by standing order 41.

Mr. Hees: Mr. Chairman, I rise to speak very briefly to the point of order. I think every member of this house would agree with the hon. member for Lapointe that this is a perfectly clear and well known rule. However, Mr. Chairman, I think there comes a time in the business of the parliament of Canada when something is more important than just the rules of the house. There is no question about it; the hon. member has a perfect right to draw attention to the rule. We all know that it exists. But I think we also know that

the matter being proposed for discussion tonight is very vital to this country. The longer it is delayed, I think the worse it will be for our country.

Some hon. Members: Hear, hear.

Mr. Hees: As one member of the house, I ask the hon. member for Lapointe to agree to waiving this rule tonight, as a Canadian thinking more of his country than the rules of the house. I think that if he does, and we can get ahead with this debate tonight, the country will benefit and all members of the house will thank him very much indeed.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to say a word about this point of order, seeing the member for Northumberland (Mr. Hees) associated me personally with it.

I should like to remind him that, two or three weeks ago, the government asked for the unanimous consent of the house to waive the 48-hour notice in order to discuss immediately the motion of confidence in the government. Personally, I was willing to give my consent, while the Conservative party were opposed to unanimity. I was willing to give my consent because I knew that, without it, nothing would be done on that day or the following day. Indeed, the house lost two days because of the Conservative party. It was not my fault.

Today, we are asked to waive that 24-hour notice and I refuse to give my consent, not for whims but on principle. I am opposed to any resolution or any bill to increase taxes. It is on the strength of that principle that I am opposed to them.

At times the Conservatives refuse their consent, at other times I do.

Mr. Chairman, I have as much right in the house as any individual member of the Conservative party, and I am ready to prove it.

[*English*]

Mr. Monteith: Don't be silly.

[*Translation*]

Mr. Caouette: Mr. Chairman, I should like to say a few words about this point of order.

We have agreed to discuss this resolution immediately. It was also clearly agreed that no time limit would be tagged to the debate on this motion.

The hon. member for Lapointe (Mr. Grégoire) has just said that he is against waiving the 48-hour notice on principle, because he is against any tax increase.

Mr. Chairman, let us put the record straight. We are against taxes, just as much as the hon. member for Lapointe. But that debate will take place, whether it starts tomorrow or next week, and nothing will prevent the hon. member for Lapointe from making any speech he wants and the same is true for all of us about that resolution.

Therefore since that resolution is related to the estimates of the Department of Finance and is introduced by the Minister of Finance (Mr. Sharp), I think the hon. member for Lapointe should show a little more common sense, be a little more reasonable and allow us to proceed with the debate.

In my opinion, it is time to start this debate, since we are already discussing matters which concern the Department of Finance. For my part, I would be ready to let the hon. member for Lapointe take my place when it is my turn to speak later on.

In my opinion, Mr. Chairman, to prevent a debate on the budget speech made by the Minister of Finance and at this time would constitute a filibuster.

[*English*]

The Chairman: Order. I am sure the committee will realize that the point of order raised by the hon. member for Lapointe is indeed a very technical one, and in the mind of the Chairman there is some doubt as to whether he has the authority to decide on the operation of standing order 41. I would suggest to hon. members that they look at *Votes and Proceedings* of yesterday, and they will notice that the resolution which is now before the committee of ways and means is not on the notice paper. It is a resolution which is appended to the notice paper and is referred to here as "ways and means resolution appended".

• (8:20 p.m.)

May I refer hon. members to the precedent on September 27, 1962 when a similar situation arose. I could also refer hon. members to page 734 of May's seventeenth edition where the following is stated:

> There is a certain difficulty, peculiar to ways and means resolutions, in deciding precisely the stage at which the royal initiative in proposing a tax is signified in the house. Ways and means resolutions do not require notice and are usually moved without it. As a consequence, if notice is

given, there is nothing to prevent such a resolution being moved in a form which differs from the notice.

It is the opinion of the Chair that there is nothing before the chairman but the resolution which has been appended to ways and means. It is also the opinion of the Chair that if the 48 hours notice was to be questioned, it should have been questioned at another time.

[*Translation*]

Mr. Grégoire: Mr. Chairman, under standing order 59 (4), I appeal from your ruling.

[*English*]

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

Mr. Speaker, the question is as follows.

In committee of ways and means, when the Minister of Finance proposed a certain resolution to amend the Income Tax Act, the hon. member for Lapointe raised a point of order to the effect that 48 hours notice should have been given in the proposed resolution. The chairman, using page 734, May's seventeenth edition, ruled that in his opinion 48 hours notice was not required in the present case, and that in his opinion the question of order should have been raised on another occasion. Whereupon, in accordance with standing order 59(4), the hon. member for Lapointe appealed the ruling to Mr. Speaker.

Mr. Speaker: I should perhaps mention to hon. members that I have listened to the argument which has been submitted to the chairman of the committee. I have taken judicial notice of the arguments, and I am prepared to give a decision at the present time on the appeal from the chairman's ruling in committee.

• (8:30 p.m.)

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, if I may be allowed to say a word or two, there are two contradictory authorities in this case. The first one, which I think prevails, is the standing orders of the house.

Standing order No. 41 specifies very clearly:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution—

And so on.

Mr. Speaker, the wording of the standing order is very clear. Against that, the standing order is not denied, another rule is not quoted, but reference is made to May's Parliamentary Practice. When was it written? Maybe the hon. member for Winnipeg North Centre (Mr. Knowles) could tell me, but it is only a citation.

[The Chairman.]

Has Sir Erskine May's treatise as much authority in this house as the standing order which was agreed to by all members of the house and agreed to unanimously many times, after being amended.

May's treatise has never been agreed to in this house; it is merely a collection of precedents.

It is true, Mr. Speaker, that in Great Britain common law is used, that precedents are created but there are also civil law proper.

On the other hand, we have here a digest of provisions accepted by the entire house. Which must prevail? The standing order which is clear and specific or May's treatise on procedure which has never been accepted as a rule in this house and which goes back to some twenty or thirty years. Which, Mr. Speaker, must prevail?

The standing orders are quite clear, definite and specific. What do we have before us? A motion of the Minister of Finance (Mr. Sharp) for the passage of a resolution. This is the measure which is submitted to us and the standing orders clearly state that a 48-hour notice is required.

Mr. Speaker, at this time, we have to consider not only the motion before us, but also the fact that we are trying to find out what authority should govern our proceedings. Is it the standing orders of the house to which we agreed to, or any other authority, such as May, Bourinot, Beauchesne or any other?

Besides, in consulting all these experts, we find they often contradict one another. When Sir Erskine May wrote his citation, at page 707, to which the Chairman referred a moment ago, was he aware of our standing order 41? Had he read our rules to write a citation such as this? Was his Guide to Parliamentary Practice still official when our rules were amended? Can May contribute anything to our own standing orders?

Naturally, Mr. Speaker, if you want other arguments, I can find any number of authorities who say that we have the right to appeal against a decision of the Speaker although the standing orders no longer allow it. Who will prevail? Who will give a ruling on a citation according to which we have the right to appeal against a decision of the Speaker, and when this can be done, whereas the standing orders have been changed to say that we no longer have the right to appeal against a decision of the Speaker?

To sum it up in two words, Mr. Speaker, the standing order is clear:

> Forty-eight hours' notice shall be given of a motion for leave to present a ... resolution.

Otherwise, the unanimous consent of the house is necessary.

All that has been opposed to this is a citation from a very old book, May's. Who will prevail? It is up to you to decide, Mr. Speaker. The standing orders, or an author from the last century?

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have read enough regarding this situation to know that there is at least some grayness in this area. Therefore I do not intend to come down in any hard and fast position in what I have to say. However, I do feel that a few comments should be made before Your Honour makes your ruling as to whether or not the ruling of the chairman of the committee of ways and means should be sustained. May I say also, in order to have it as part of the record, that so far as our party is concerned we indicated our willingness to give consent for this matter to be proceeded with tonight. Our only concern therefore is whether or not the ruling we are discussing does violence to the rules of the house.

When I said that I recognize there is a gray area, I had in mind the fact that what is before us is a situation in a committee of the house, which happens to be known as the committee of ways and means. We have a general rule which says that the rules of the house apply in the committees of the house. Here I am admitting that there is some argument on the other side. We know that in standing committees that meet elsewhere we do not require 48 hours notice for motions. In other words this 48 hour rule is not always practised in committees.

But surely there is a difference, at least in spirit, between standing committees that meet elsewhere and have lots of time to deal with matters, and committees of the whole that meet right here in this same chamber and are made up of the same personnel as the house itself. Surely, Mr. Speaker, if one looks at the spirit of standing order 41 it is very clear that no resolution can be proceeded with unless there has been 48 hours notice. There is no problem about six o'clock Wednesday being sufficient for 48 hours notice up to Friday morning. There is a citation that takes care of that. This same citation which takes care of that, which is on page 159 of Beauchesne's fourth edition, reads in part:

> The publication of a proposed motion, once in the *Votes and Proceedings* and the next day on the order paper, is sufficient to cover two days notice under standing order 41.

In the present instance, Mr. Speaker, there is a difference from what normally happens, where notice is given one day when something appears in *Votes and Proceedings*, and on the order paper the next day. As I say, we have some grayness in this area because this is committee of ways and means. Surely, however, if the requirement for two full days notice were to apply anywhere it ought to apply to the imposition of a tax.

In other circumstances, we have to wait two days before we proceed with something, no matter how inconsequential. If we can proceed with the imposition of a tax without that two days notice, it does seem a bit strange. I believe, Mr. Speaker, one of the reasons this issue arises now, whereas it does not normally arise is that in normal circumstances the committee of ways and means deals with taxing resolutions that have been public knowledge for six days. Usually when a minister of finance introduces a budget, he makes a budget speech. At the end of that budget speech he tables his resolutions. There then follows a six day debate with Mr. Speaker in the chair, and at the end of that six day period we go into committee of ways and means. At that point we deal with the resolutions immediately because we have had them for six days, and we never stop to inquire whether or not the necessary notice has been achieved. I noticed that the chairman of the committee made a point of the fact that the resolution is listed, not on *Votes and Proceedings*, not in the notice paper, but as an appendix to the notice paper. I think this is an interesting splitting of hairs. Surely the spirit of standing order 41 is that we should have two full days notice.

Now, Mr. Speaker, precisely because I have admitted that there is some doubt on the point, precisely because of the citation that has been read from May, precisely because it is difficult for Mr. Speaker in the chair to over-rule Mr. Deputy Speaker's ruling as chairman of committee of the whole, I realize the way Your Honour may be thinking about this matter. However, I do not believe a ruling against the hon. member for Lapointe (Mr. Grégoire) should be made without at least some strong concern being expressed

about it on the floor of the house. That is what I am doing now, expressing concern that somehow or another a way is being found to get around, in the case of a tax measure, a rule that is so widely understood that my colleagues have been coming to me within the last few minutes expressing amazement that this situation has arisen at all.

• (8:40 p.m.)

With regard to the quotation from May, I would point out that a dozen or so of us had the privilege of spending a few days at Westminster two or three weeks ago. Maybe we do not agree on all of the ideas we brought back from the mother of parliaments, but I think we all do agree that the differences between their operations and ours are so great that one cannot really apply May to all of our situations here.

You look as though I am not being very helpful to you, Mr. Speaker—

Mr. Grafftey: You are being very long-winded.

Mr. Knowles: The issue is a serious one, and perhaps I am not being helpful to you, sir. I know that I am throwing the problem to you. The house generally is willing to proceed with this matter tonight, but that does not get around the importance of making sure that all rulings are correct. It seems to me that concern should be expressed about finding a way to set aside the rule, standing order 41, that no measure shall be proceeded with unless the house has had 48 hours notice. I express that concern as strongly as I can.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, in June, 1956, on a Thursday afternoon at 5.15, which has become a notable period in Canada's history, I raised a point of order on the subject of whether or not the Chairman of Committees should make a ruling which was not based on precedents established by the Speaker or not founded on decisions that have been arrived at by the Speaker. I argued the point, supported strongly by the hon. member for Winnipeg North Centre (Mr. Knowles), that there was a danger in having a body of rules established in committee of the whole, because we noted that from time to time the person who presides in committee of the whole is shifted. He is not always the Deputy Speaker. My point then, and I had quite a number of references to give, was that when the Chairman of Committees has no precedent to guide him, established by the Speaker himself, the matter should be held in abeyance and the decision should be made by the Speaker rather than by the Chairman. It would avoid these embarrassing and awkward situations where a chairman is overruled by the Speaker.

I think, sir, the situation tonight is the same as it was in 1956. An issue which has not heretofore been decided by the House of Commons and established as a precedent by the Speaker, has come before the committee of the whole house, and the basis for giving the decision on it has not been established. I argue, sir, that viewpoints of this nature should not be decided by a committee chairman in committee of the whole house, if the issue can be avoided and transferrred to the Speaker, who is the authority in these matters.

In this particular instance I conclude, sir, by saying that I think it would be very inadvisable for rule 41 to be overruled on this occasion. We are stumbling into rather rapid changes in the rules of the house now. The fact that the Minister of Finance (Mr. Sharp) did not properly introduce a budget, and the fact that he had to make his tax announcement by radio and television, by a press conference last night, have led us into the quandary in which we are at the present time, but I do suggest that the rules of the house should be maintained, unless they are altered by consent of parliament as a whole.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, very briefly I would like to direct your attention to page 222 of Beauchesne, citation 268. I am sure you are already aware of what is on page 734 of May where it says that ways and means resolutions do not require notice and are usually moved without it. Perhaps citation 268 is not entirely applicable here, but it does deal with changes introduced in committee of ways and means without notice, and I think this is the crux of the point of order we are dealing with.

Part of the citation reads:

> Proposals for the variation or modification of taxation can therefore be made in the committee—

I suggest that these can be made without notice, but there are some qualifications.

> —but these proposals must be grafted upon the financial scheme submitted by the government, and must not affect the balance of ways and means voted for the service of the year. Amendments, therefore, can be proposed to substitute another tax, of equivalent amount, for that proposed by the government, as an alternative duty, the necessity of new taxation, to that extent, being already declared on behalf of the crown.

I submit that the proposal made is in keeping with the balance of ways and means that has been declared on behalf of the crown and voted on partially by the house. I suggest in this context that notice to move a resolution of this kind, or indeed an amendment in committee, is not required in committee of ways and means.

Mr. Speaker: I thank hon. members for the views they have expressed regarding the very serious point of order raised by the hon. member for Lapointe (Mr. Grégoire). As has been stated by the Chairman, perhaps the point might have been raised before we went into committee, which would have obviated the difficulty to which the hon. member for Winnipeg South Centre (Mr. Churchill) referred. But the situation is in fact that a decision has been rendered by the Chairman of the committee, from which an appeal has been made.

In the past I have expressed my views about this type of situation. I must say I have heard nothing which leads me to come to a conclusion other than that which has been reached by the Chairman of Committees. The suggestion made by the Chairman when he made his ruling is that no notice at all is required. I agree with this. It is not a question of whether 48 hour notice is required or 24 hour notice is required. The suggestion he made is that in the case of ways and means resolutions no notice is required. In point of fact it is not 24 hours notice that we have had until now. Procedurally there has been no notice because nothing appears on the order paper except an appendix for the convenience and information of hon. members.

It has been stated that there are no precedents. There is at least the one in 1962 where precisely this form of procedure was followed, where there was no notice put on the order paper for a ways and means resolution. The house has followed in this particular instance exactly the same procedure. There is more to the situation than the citation in May which, in spite of what the hon. member for Lapointe says, is not all that old, since the last edition, the seventeenth edition, appeared in 1965 or 1966.

I suggest to hon. members that there is obsolutely no application here of the 48 hour notice rule. An analogy can be found in committee of supply to indicate that procedurally standing order 41 does not always apply. The estimates are tabled one day and they are forthwith referred to the committee of supply. In a subsequent sitting they can be taken up in committee of supply without notice. The procedure we are following now is analogous; it is the same type of situation. This procedure has been followed before.

• (8:50 p.m.)

Since the ways and means resolutions are initiated in the committee itself and do not exist before that, no notice can be given of the resolutions. They do not exist until the Minister of Finance in committee of ways and means moves a motion and intimates to the house what the resolution will be. That being so, I fail to see how the standing order can apply, and I must therefore sustain the ruling.

And the house having resumed in committee.

The Chairman: Order, please. House again in committee of ways and means on a measure to amend the Income Tax Act.

Mr. Sharp: Mr. Chairman, yesterday in committee of supply I made a fairly lengthy statement outlining our economic condition. I said at that time that we intended to introduce fiscal measures to replace the revenues that would have been provided by Bill C-193. I explained at that time why the government considers it necessary to take this course of action. I do not intend to repeat those arguments and shall be brief in explaining this resolution.

The measures proposed in this resolution are intended to produce $390 million in budgetary revenues in the 1968-69 fiscal year. This compares with $425 million expected from the tax changes in Bill C-193. However, I have also announced that there will be reductions in expenditure which will more than offset the amount of $35 million by which the revenues from these measures will fall short of those formerly proposed.

The resolution now before the committee has four paragraphs, two of which concern corporations, one of which affects individuals only and one of which will affect donations to provincial governments or provincially owned institutions, by either corporations or individuals.

Paragraph 1 proposes an amendment to remove the 10 per cent of income limitation in respect of charitable donations to a province. The Income Tax Act at present provides that individuals and corporations may deduct for income tax purposes the amounts they donate to Her Majesty in right of a province. However, donations such as donations to

churches and other charitable organizations are deductible only up to a maximum of 10 per cent of income. In contrast, donations to Her Majesty in right of Canada are deductible up to the full amount of a taxpayer's income for the year. Representations have been made on behalf of certain provinces and several art galleries that the present 10 per cent limitation on donations to Her Majesty in right of a province places provincial art galleries and museums at a disadvantage in comparison with federal galleries. Since the provinces now share substantially in the income tax field and since all Canadians benefit from donations to galleries it seemed reasonable to propose this change. It is also proposed that this amendment will permit a taxpayer to carry over for deduction in the immediately following year any amount by which his donations to the federal government or a provincial government in a year exceed his income for that year.

Paragraph 2 proposes that a surtax of 3 per cent be imposed on corporations for the years 1968 and 1969. The effect of this surtax will be to raise the rate of tax on the first $35,000 of corporate taxable income from 18 per cent to 18.54 per cent and to raise the rate of tax on taxable income in excess of $35,000 from 47 per cent to 48.41 per cent. The surtax will not affect the old age security tax on corporations and it will not affect the provincial abatement or the provincial revenues from corporations.

Paragraph 3 proposes that a surtax of 3 per cent be imposed on individuals. This surtax will apply to basic tax in excess of $200. It will not affect approximately 2,400,000 taxpayers, which is about 36 per cent of the total number expected to pay individual income tax in 1968. The proposed surtax will apply without any top limit. Finally, this surtax will apply only for the taxation years 1968 and 1969.

Paragraph 4 of the resolution proposes that corporations be required to move forward by two months the period during which they pay their income tax for a year. Corporations will be required to make five payments, each of which is equal to one fifth of their estimated tax. For example, a corporation with a taxation year which coincides with the calendar year will make its first payment for 1968 in June and will make a payment equal to one fifth of its estimated tax for 1968.

I should like to break down the revenues from these proposals. The 3 per cent surtax on individuals is expected to yield in the fiscal year 1968-69, the sum of $105 million. The 3 per cent surtax on corporations will yield $45 million and the move forward of the corporation income tax payment period will yield $240 million, for a total of $390 million.

As an illustration of the effect of the surtax I might point out that for a single taxpayer with no dependants—and most single taxpayers would have no dependants—

Some hon. Members: Oh, oh.

Mr. Sharp: —the surtax will not apply to single taxpayers with incomes of less than $2,743. Taking a figure at random, a taxpayer with an income of $7,000 will pay a surtax of $25 a year. Taking a married taxpayer with no dependants, the surtax will not apply if his income is less than $3,743. A married taxpayer with no dependants but with an income of $7,000 will pay $18 a year. A married taxpayer with two children eligible for family allowances will not pay surtax if his income is less than $4,343. Such a man with an income of $7,000 a year would pay a surtax of $14 a year.

If there are questions about these resolutions, or any part of them, Mr. Chairman, I shall be happy to answer them.

Mr. Stanfield: Mr. Chairman, my understanding is that this is a matter of confidence.

Mr. Monteith: Don't blush, you people on the government benches.

Mr. Stanfield: It may not be important tonight, but I hope that at some time someone on the government side of the house will explain what is the difference in principle between this measure and the one we defeated on February 19.

Some hon. Members: Hear, hear.

• (9:00 p.m.)

Mr. Stanfield: I want to be brief tonight and not inflammatory. I will simply state our position so that it may be clear it is not being abandoned, not for the sake of pursuing the argument on this occasion. We continue to take the position that inflation, which is reflected in rising prices, rising interest rates and rising costs, has been contributed to very substantially by the policy of this government.

Some hon. Members: Hear, hear.

Mr. Stanfield: I do not intend to take the committee through the history of budgets over the past few years. I do not think there

is any need to do that. I simply wish to state the position and point out that the government will be held answerable on these matters at another time and perhaps in another place. My view as to the radical solution which is necessary to provide stability and confidence is well known, and I simply state this for the record tonight, not, as I say, in order to be argumentative on this point.

Since the summer of 1965, at least, the government has been talking about the danger of inflation. It was referred to in the budget of March, 1966, in the so-called mini-budget of September, 1966, the budget of June, 1967, the so-called mini-budget of November, 1967 and the budget speech of March, 1968. The problem is—and I say this simply by way of background to the discussion on the resolution now before the committee—that on each of the four occasions to which I have referred, when we were warned against inflation the minister introduced seemingly one consistently proposed remedy, namely an increase in taxation. These successive tax increases in the past couple of years have been presented as anti-inflationary but they have been more than matched by increases in government spending. Only last June the minister presented a budget involving a forecast deficit of about $740 million, with increased government spending in the order of 20 per cent. The increases in taxation which have taken place have not been anti-inflationary in effect; they have not controlled inflation. The consumer price index rose by 4.6 per cent in 1966 and by about 4.5 per cent in 1967. It is little wonder that when the government came to parliament a few weeks ago with proposals for yet another increase while, it seemed to us, failing to produce effective policies of restraint and leadership, the opposition voted against the measure and defeated it.

I think that is particularly true in view of the fact that the levelling off in the economy had already reached serious proportions. Private investment was lagging; the growth rate was sluggish—about half the rate regarded as essential by the economic council—and unemployment amounted to at least 464,000 jobless for a seasonally adjusted rate of 4.4 percent of the labour force. In addition, of course, this unemployment and the conditions I have described weigh with particular heaviness on certain sections of the country, including areas of relatively slow growth, though they are not confined to those areas. We were convinced that the 5 per cent surcharge proposed in the so-called mini-budget was unsuitable to the needs of the economy. It seemed to us that it might well have added to inflation. It would certainly have had a depressing effect on the economy resulting in an increase in unemployment and a continued lag in the growth rate.

The Minister of Finance is now proposing two new measures of particular concern to the committee. One involves proposed increases in taxation. The second proposes cuts in expenditures amounting to $75 million—I understand it is proposed to "freeze" employment in the public service. The third proposal involves the establishment of a board to review increases in prices and costs.

With regard to the third proposal, I have certainly urged for some time that the government take the initiative in encouraging restraint throughout the economy. I believe, and I have said so repeatedly, that such a program is necessary to supplement monetary and budgetary policy if we are to have reasonably full employment and reasonably stable prices.

Some hon. Members: Hear, hear.

Mr. Stanfield: I hope I shall be able to support and approve the measures being taken by the Minister of Finance in this regard, but of course I shall need to know a great deal more about them than I do at the present time. I look forward with great interest to learning more details about what the Minister of Finance and the government have in mind in this connection.

As to the second matter to which I referred, involving cuts in the estimates to the extent of $75 million in a budget of around $10 billion, I simply make the comment that I do not think the people of Canada or the financial community will find this particularly impressive.

Some hon. Members: Hear, hear.

Mr. Stanfield: As the Minister of Finance told us this evening, it is proposed to adopt a 3 per cent surcharge on personal incomes which is estimated to produce in the next fiscal year some $105 million in additional revenue, in addition to a 3 per cent surcharge on corporation tax which the minister has told us is estimated to produce about $45 million in the next fiscal year.

I have been studying these measures very carefully during the day in the context in which they have been put forward. In so far as they are regarded as measures related to

the condition of the economy, I think we have to agree that they are objectionable on the ground that they may well be inflationary in themselves, adding to the cost of goods and adding to the pressure to increase incomes. In the second place I believe they must be regarded as objectionable in relation to the existing state of our affairs because they are bound to slow down an economy which, as I have already indicated, is growing at too slow a rate, and already involves a degree of unemployment which bears very heavily on particular areas.

• (9:10 p.m.)

I point out that the Economic Council of Canada has stated that it is necessary for our economy to expand at the rate of something better than 5 per cent per annum if we are to achieve and maintain a reasonable rate of employment and that actually the rate of growth is perhaps a little less than half that. So, clearly, these measures have undesirable effects in this regard. We must ask ourselves therefore whether these two measures, which clearly have undesirable effects that can be anticipated so far as our economy is concerned, are really necessary to restore confidence. I must say to the committee, Mr. Chairman, that I am not yet convinced they are. It is proposed to raise some $150 million by means of these measures. As I understand the situation, the government is by law bound to commence repaying the refundable corporation tax which was collected a couple of years ago not later than 36 months from the time the payment was made. As I understand it, this means that the government would have to commence these repayments not later than or earlier than May of 1969.

I have the impression that the minister had in mind beginning the making of these payments considerably earlier at a rate which would involve payments of some $105 million in the next fiscal year. I realize he has explained to the house that this does not come into his current budget, but it could affect the cash position of the government which is one of the matters of principle concerned during the coming year. It would appear to me, therefore, that within the law it would be quite proper for the government to defer any repayment of the refundable portion of this tax to which I referred until May of 1969, and that therefore it would not affect the figures at all for the next fiscal year. If this were done the difference between deferring these repayments until beyond the next fiscal year on the one hand and collecting these new taxes on the other hand would amount to about $50 million or perhaps a little less.

I think I must suggest that in a budget in the amount of $10 billion it should be possible to find that $50 million. I really think that would be the view of the people of Canada generally and I must say that that is my view. After all, the government apparently was able to find an amount at least equal to this in order to proceed with the medicare program, despite the views of a number of provinces. In the circumstances it is a little difficult to be convinced that it is really necessary that these new taxes be imposed at this time for this purpose.

Some hon. Members: Hear, hear.

Mr. Stanfield: With regard to the proposition that these taxes would be applicable for two years, I really do not believe the minister has shown any justification for this. I have suggested that he really has not shown any effective justification for even one year, but certainly so far as I have been able to ascertain there is no justification for these additional taxes for a two year period. I hope I am not doing the minister an injustice when I say this, but this is the impression I have. In view of what I believe to be the obvious unfortunate effects of these particular tax increases so far as the condition of the economy is concerned, I do not think we have been shown any benefits that would offset the unfortunate effects. I think the same reasons that militated against the 5 per cent surcharge apply equally to these 3 per cent surcharges.

I have attempted to demonstrate that the government has an alternative to imposing these two surcharges which it states will raise $150 million. I suggest in all sincerity that the government has an alternative to its course of action which involves additional taxation to the Canadian people, which alternative I believe would be helpful to the Canadian people in its present situation. The Minister of Finance proposes to raise a considerably larger sum of money in the next fiscal year by insisting that the corporations speed up their rate of tax payments. As I understand it this would not increase the liabilities of a corporation, and therefore I do not consider this to be a measure that would contribute to inflation. In the government's position of apparently needing to increase confidence I do not

oppose the Minister of Finance with regard to this measure. I cannot go along with him however on the increase in the form of surcharges, but in the circumstances I do not oppose the stepped up rate of corporation taxes which does not increase the liabilities of the corporations, is not inflationary, and produces a return of a quarter of a million dollars more for the Minister of Finance. I believe this substantially helps his financial position without having an adverse effect on the economy.

As I have indicated, to date I am not convinced that the benefits of the proposed surcharges offset their detrimental effects and I believe there are alternatives open to the government in this regard. I pointed out also that the policies which would induce a more rapid rate of growth in the economy would of themselves produce more revenue for the government and would therefore help the government very substantially in a financial way.

I am most anxious to see the government attack inflation vigorously. As I mentioned, I hope the measure the minister has in mind with regard to encouraging restraints throughout the economy will be pushed vigorously and will be worthy of the support of members of this house. But I do not believe a slowdown in the economy is necessary. I do not think the economy of Canada is overheated in any sense of the word.

• (9:20 p.m.)

I believe it may be possible for us to achieve a greater rate of growth accompanied by effective policies of restraint which would increase the rate of growth and produce increased revenues for the government. I have not been convinced that the proposed surtaxes are desirable, in view of the position in which the government says the country is situated. I would go along with the proposal of the policies to step up the rate of corporation tax payments.

Let me say this in closing. Because of the uncertainties that exist, as I understand them, I believe the processes of parliament in reaching a decision should not be prolonged. This is a free parliament—and of course I am speaking for myself in this regard—but I have personally no desire to increase any uncertainties in this regard. I realize that uncertainties in this regard certainly prolonged uncertainties—might very well be evil in themselves. Therefore I believe that in all quarters of the house we should state our position as forcefully and as persuasively as we are able, and then let parliament make a decision.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, at the outset I must say that we must give the Minister of Finance "A" for effort. He has proceeded to do what he has been trying to do all along. He has tried to sell a package of goods. He has taken a tip from the grocery chain. When they want to stimulate the sale of a package they change the package, wrapping the goods up in more fancy paper. I think perhaps we should take the fancy paper off to see what is inside, because I suspect the goods are essentially the same.

I am not referring specifically to this tax measure, because what the minister is trying to sell us is precisely the same as he tried to sell parliament and the country when he introduced the mini-budget last November. This whole thing goes far beyond that particular tax measure. The minister's package of goods is really his concept of how the government of Canada should control the economy, about which he has been so lugubriously eloquent since he introduced his budget.

The minister introduced to the committee certain goals of his own and of his government in this order: full employment, stability of prices, and equity. These are noble goals, They almost rival the liberté, égalité and fraternité of the French régime—if not "the life liberty and pursuit of happiness" of our American friends. The minister then talks about achieving these goals in a remarkable way. To achieve full employment, which is the first of his goals, he produces a policy deliberately planned to increase unemployment. Mind you, he has couched this in more euphemistic terms by saying he is allowing a certain amount of slack to develop in the economy. To achieve the goal of equity he again planned deliberately to perpetuate inequity in the taxation system, about which the government was warned so eloquently by the Carter commission. He is proposing to perpetuate this by rejecting out of hand the various recommendations of the commission which were designed to eliminate the gross inequities in our taxation system to abolish the special privileges for certain types of organizations, oil companies, insurance companies and mining companies, to name a few.

The commission suggested also that we should impose a fair share of the tax on those who make a killing on the stock market and those who evade taxation via the expense account route. The minister has dismissed all this, in spite of the fact that today he announced as one of his goals the establishment of equity. I am not in the habit of rushing to the defence of corporations, but in all fairness I must point out the inequity of the minister's proposals in respect of corporations. He intends to impose a 3 per cent surtax on corporation income tax on companies which do not have these special privileges about which the Carter commission complained. These companies are going to pay proportionately less in taxes than some corporations engaged in general industrial production.

Once again our government is proceeding to sacrifice secondary industry in Canada to primary industries engaged in the export of raw materials. The minister tells us he plans to control prices to achieve stability. He proposes as one of his three goals the establishment of a review board. We still have to find out what that review board is going to do. For a long time we have suggested the establishment of a prices review board, but I am not at all sure the sort of board the minister has in mind will be effective. I am disturbed by the emphasis the minister has placed on control of wages, because he then casually suggested control of other costs and income. I suggest that if you are going to control wages, you must be prepared to control profits. I, for one, doubt whether this is feasible. I am not a businessman but my businessmen friends tell me there are hundreds of ways by which the real profits of a corporation can be concealed. I imagine that if the minister is going to place any reliance on that sort of proposition he will have wage controls and nothing else.

The only cost factor susceptible to control is prices. We have urged the establishment of a prices review board to concentrate solely on prices. We have also urged direct control on prices of those commodities, the costs of which enter into all other costs. This involves in the main corporations which are engaged in massive operations in resource industries. They are extremely powerful corporations and they face extremely powerful trade unions. Quite some time ago I suggested that there are certain areas in the economy where management and labour almost enter into collusion to exact a contribution from the general population. I have suggested before that it is in these areas the government should have the courage to establish price controls, and then permit labour and capital to fight the battle as to the division of the proceeds. After all, that is why we have trade unions.

I am sure we will be told that the federal government lacks the constitutional power to control prices. It may be that this is correct, but I have difficulty in believing that any provincial government would dare to refuse to co-operate with the federal government in measures to control prices. As a matter of fact, I noticed the other day that the Prime Minister of Ontario suggested that he was prepared to co-operate with the federal government in any attempt it might make to control prices. It seems to me that the constitutional angle is not a very valid point to be used against the proposition of controlling these areas where prices are administered prices, free from competition.

This brings me to the other part of the minister's package of goods, his concept of suitable policy to direct the Canadian economy. He has been full of dark warnings about the position of the Canadian dollar, and if it were not such a ludicrously inappropriate role for him, I would suggest that he has been playing the part of Dickens' Fat Boy of Peckham, and deliberately making our flesh creep with his cryptic comments about the dark international forces, with designs on the Canadian dollar. And of course we have had his mysterious cloak and dagger trips to Washington.

• (9:30 p.m.)

Indeed, I cannot help but wonder whether some of the minister's antics have not added to a very measurable degree to the uncertainty with regard to the Canadian dollar, because I have noted that his reassurances about the state of the Canadian economy and the Canadian dollar always come after the grim forebodings he presents about the dangers to our dollar.

I imagine that there have been, and are now, pressures on the Canadian dollar, if only as side effects of pressures on the United States dollar. One may suspect—in fact, I more than suspect—that there are speculators both within and without Canada who are prepared to be involved in exchange operations in the hope of a devaluation of the Canadian dollar which will hand them a handsome profit, such as those people who speculated on the British pound before devaluation and

made a very handsome packet when the pound was finally devalued.

This may be so and there may be others who quite logically and normally have decided that these pressures, the statements of the Minister of Finance and his assertions on the air, together with the defeat of his government the other day on that taxation bill, have added greatly to the uncertainty of the fate of the Canadian dollar. There may have been people who have been listening to him and have decided that it is safer to take their money out of Canada. I do not know whether any of these things have happened or to what degree they have happened. Certainly the Bank of Canada professes not to know either, and not to know the precise causes of the pressures on our dollar.

I have wondered about this dollar crisis, if it exists—and it probably does—and whether it is anything more than part and parcel of the results of the misguided monetary policies of this government which in turn have led to misguided and disastrous fiscal policies. The minister tells us that these steps have been taken to restore confidence in the Canadian dollar. He proposes to restore it by means of a rather ineffectual tax measure, I suggest, because when he first introduced his mini-budget last fall my chief criticism was that it was hardly worth discussing because it would have a minimal effect on the economy. However, the minister is going to rely on these measures to establish confidence in the Canadian dollar.

I hesitate to think that the Minister of Finance is so unsophisticated that he really thinks the stability of the Canadian dollar or the currency of any country can rest on anything whatever except the level of productivity in that country. This is the main yardstick of the stability of any currency.

The minister seems to have an old fashioned idea of what produces confidence in a nation's currency, and places his faith in a monetary bulwark in the form of exchange reserves. The minister should be aware that in the final analysis, the currency of any country is based upon the productive capacity of that country, which is the reason that even though the United States dollar is under heavy pressure today and they have a very severe drain on gold, no one really doubts the stability of the currency of the most productive country in the world. We know that when the chips are down the United States dollar will still be the premium currency in the world, because it is backed by the most productive economy in the world.

I think the minister has been putting the cart before the horse, or perhaps one may say he has been clutching at the shadow and letting the substance go. If we have rising levels of production, our currency will be sound. But if on the other hand we have declining production and rising unemployment, no matter how many technical steps the minister may take with regard to the manipulation of exchange reserves there will be lack of confidence in the Canadian dollar. The longer that condition remains, the weaker the Canadian dollar will become and our exchange reserves, if our economy is allowed to continue contracting and is indeed encouraged to contract under the policies of this government, will eventually melt away in a vain endeavour to support the dollar at what will become an unrealistic pegged rate of exchange.

It seems to me that the minister is confusing cause and effect. A strong dollar cannot be artificially maintained, and if it could be artificially maintained it would not give us a strong and buoyant economy. On the other hand, a buoyant and expanding economy will provide us with a strong dollar in international exchange, if that is what we want.

Let me return to the minister's three stated objectives—stable prices, full employment and equity. These three express in capsule form the idea of a rich and developing economy supporting an enlightened and progressive society dedicated to the proposition of at least a reasonable measure of equity. I am sure no one will quarrel with those objectives, but I doubt whether even the Minister of Finance has the temerity to suggest that he has achieved these goals or is on the way to achieving them.

I am quite sure the minister seriously wishes he were achieving these goals. We have to examine the obstacles which continually frustrate him. How does one go about expanding the economy? I think even the minister will agree that you do not expand it by contracting it. You do not expand it by curtailing public expenditures and creating more unemployment. You do not expand it by allowing prices to climb and interest rates to soar. So what do you do? I suggest that you put yourself in a position whereby you can inject more fuel into the economic boiler.

I was interested to hear the Leader of the Opposition say a few minutes ago that he did

not believe our economy was overheated. I could not quite correlate this with his demands for more reductions in public expenditure. If he believes the economy is not overheated, I am sure he would agree with the proposition I am putting to the minister and to the house: you put yourself in a position to inject more fuel into the economic boiler, to encourage and stimulate investment, to expand the money supply to finance increasing investment in the production of goods and services.

I doubt whether even the Minister of Finance, with his odd ideas, would contest that statement. This afternoon in the house he gave us a very strange and mysterious report which indicates that he still does not realize he is dealing with shadow and not with substance. He presented to us the results of agreements made with the governments of the United States, West Germany and Italy. It was a rather mysterious statement. The minister tells us that in Washington the Secretary of the Treasury and himself have been having consultations concerning the application to Canada of the United States balance of payments measures. The effect of this exchange, the minister assures us, is that Canada is now completely exempted from the operation of the United States balance of payments program affecting the outflows of capital from the United States. The minister said in his statement:

> I refer specifically to the measures affecting direct investment that are administered by the department of commerce and to the programs administered by the federal reserve system. Our exemption from the interest equalization tax on new issues remains intact.

I emphasize these words:

> Freedom from these major United States programs achieves a goal towards which we have been working for a long time.

This is really the pay-off.

> Moreover, it does so without in any way impairing our independence of action.

Perhaps that is technically correct, because under the aegis of this government we have lost all our independence of action, so we can hardly be further impaired in this respect.

• (9:40 p.m.)

This seems to me another case of the obsession this government has with the necessity for a continual inflow of capital from outside to finance the expansion of the Canadian economy. I submit to you, Mr. Chairman, and suggest to the Minister of Finance, that the great victory he has achieved in Washington is in essence no victory at all, because the report of the Bank of Canada on the Canadian balance of international payments, which shows the capital movements in the first three quarters of 1967, indicates that there is literally no measurable or important inflow of funds from the United States that is not balanced by an outflow. To this area of our problem the minister turns a blind eye. Apparently he considers, as I told him once before, that he has done his duty if he pleads with the United States authorities to keep the tap turned on, while at the same time he leaves the plug out of the bath at the other end. This is another sample of that type of action.

The minister has come back from Washington and told us he has scored a great victory, he has cleared a way for massive inflows of capital to Canada. The truth is that there are massive outflows of capital from Canada at the present time, and they have been going on long before the guide lines were established by the United States President. I am sure the Minister of Finance is aware of the fact that indeed many corporations were transferring more of their retained earnings than the guide lines called for. Why are they doing it? I suggest they are not doing it out of their patriotic duty as American citizens, because I have not noticed that American capitalists, any more than Canadian capitalists, are particularly prone to have their actions dictated by patriotism. I suggest they have decided that Canada is no longer a very important or desirable field for investment. Indeed we can understand why, because the bulk of this inflow of capital has gone into the resource industries, which are so plugged with overinvestment that there is little field for further expansion.

I have only to mention the oil industry in Alberta and the pulp and paper industry in my own province, both of which suffer, not from underinvestment but from overinvestment, with the result that their costs are unnecessarily high. However, it is part of the conventional wisdom of this government that Canada can only survive and expand if we have a continuing inflow of capital from abroad, and largely from the United States. So long as we have that obsession, and the further obsession that all the policies of the Canadian government must be directed to maintaining the pegged rate of the Canadian

dollar, we are doomed to a continual contraction of our economy and to a further squeeze on the Canadian dollar.

I do not know who the minister's advisers are, and I shudder to think who some of them may be, but I would suggest to the minister that he consult some of the best and most sophisticated economic minds in this country with regard to the question of the pegged exchange rate and the outflow of capital from Canada, because Canada is no longer an appealing investment area. As I have urged him again and again, I urge him now that instead of relying on these ineffectual taxation measures to control prices, he institute a real prices review board to bring publicity over most of the range of prices, and in the specific area of administered prices have the courage to co-operate with the provinces and establish price control in these areas; that he negotiate with the International Monetary Fund to allow us to escape from the straitjacket of the fixed exchange rate and return to the floating exchange rate; and that he impose exchange controls to control the outflow of capital from this country, which at the present time is proceeding at the rate of a haemorrhage.

If the minister does this, he will place himself in a position where it will be possible for him to expand the Canadian economy, to cause unemployment to decline and production to rise, and to ensure the stability of the Canadian dollar on a firm foundation of the productive capacities of the country, a country which probably has the largest per capita store of natural wealth of any country in the world. Canada will be able to expand, but we will not be able to expand if we follow the policies which the minister suggested this afternoon.

I was very interested by the statement he made today, that—

> —the Canadian government on its side has felt that these steps by the United States should be matched by further reciprocal helpful steps on the Canadian side.

I am in favour of Canada helping her friends, but I hope no one has any illusion as to how we are helping them, and under what difficulty we are doing so, by the measures that the minister proposed today. Obviously through the measures the minister proposed we are helping them to overcome their internal difficulties, which have been created by the disastrous war in southeast Asia. There can be no question about that.

I should also like to find out from the minister how he proposes to carry out his undertaking, as stated this afternoon, that it is the Canadian government's intention—

> —to take any steps necessary to ensure that the exemption from the United States program does not result in Canada being used as a "pass-through" by which the purpose of the United States balance of payments program is frustrated.

The minister told me that he has many ways of doing this short of foreign exchange controls, and that some of them would be very successful. This is not what I hear from the banking fraternity. What I hear from them is that they thumb their noses at the Minister of Finance and propose to go on doing so. Exhortation will not make shrewd businessmen divest themselves of a valuable business opportunity.

In addition to that, we are going to help the United States in another curious way. We are going to invest our entire holding of United States dollars, apart from the necessary working balances, in United States government securities which do not constitute a liquid claim on the United States. What does this mean? It means that we are going to help the Americans with their balance of payment program by funnelling back to the United States American dollars which we earn either through exports or through various operations, and placing them in United States government securities which do not constitute a liquid claim on the United States, which will be neutralized, and which will be non-negotiable securities for an undisclosed fixed term.

In return for that, the United States, plus the central banks of Germany and Italy, will provide us with $900 million United States as a stand-by credit. Presumably when our transfer of funds to government securities in the United States reaches a sufficiently high level, we shall draw on this $900 million, and the process will continue indefinitely because this government will not take the fiscal steps that could be taken to get us out of this tangle.

I want to say right now that I think it is high time, in the interest of our own safety as a national entity, that we start to disengage ourselves from the United States in as many areas as we can. We should be establishing relationships with other parts of the world, not doing as the minister did the other day when he dashed off to Washington and tied us ever more firmly to the United States economy, which today is of course under the very

heavy burden of waging war in southeast Asia.

So the minister has again tried to sell us a bill of goods which consists of contracting the Canadian economy in order to expand it; creating unemployment in order to achieve full employment; and permitting prices to rise in order to achieve price stability. During the whole process, our economy will continue to contract. Oddly enough, the minister is defeating his own purpose, which he states constantly, of achieving sufficient revenues for the Canadian government's operations, because I think it does not take a very profound economic insight to realize that a contracting economy provides less revenue for the government, and an expanding economy provides more revenue for the government. I do not imagine for a moment that the minister can possibly move from his position because, as I have told him many times, he is a doctrinaire. But I do suggest to him that if he had more concern for the welfare of the Canadian economy and less concern for aiding our United States friends in their self-inflicted difficulties, then we would have more confidence in him in Canada.

• (9:50 p.m.)

He speaks of having to get the confidence, not of the Canadian people but of the financial community. Now, the financial community are the very people who are producing the problems for the Canadian dollar. He knows that as well as anybody else, but for some reason or another he is trying to placate those interests. They are not awfully bright in the final analysis because the pressures they are bringing to bear on the government—and I am sure it is their pressures which force this government to their self-defeating policies —will eventually defeat business. In the long run, I would hope either this minister or some other minister will have the courage to free the Canadian economy from the chains that have been wrapped around it, and enable it to expand in proportion to our capacity which, to date, has not nearly been reached.

[*Translation*]

Mr. Gauthier: Mr. Chairman, may I say, first of all, that not only am I surprised but that I am stupefied at hearing the statement just made by the Minister of Finance (Mr. Sharp).

I think that we are taking part tonight in the beginning of the debate on the late Bill No. C-193. Frankly, we thought that rejection of this bill would have given a lesson to the government, and especially to the Minister of Finance. But we are sure now that the lesson did not serve at all. Perhaps it served the minister, because I regard him as a very intelligent man. But what is an intelligent man worth if his hands are tied? That is how I see the minister tonight. He is a prisoner of great financial interests, and we can see that he is still under their control. He comes back before us to tax people and yet we pointed out to him recently other means to get these $150 million.

One hundred and fifty million dollars is not very much. If he had wanted to make a small effort—something he does quite often for foreign countries and England— it would have been easy for him to find that amount without bothering the workers who—and we keep repeating it—cannot pay more now. The minister can rest assured that we will find that measure.

Since we have come here, we have fought against tax increases because we are convinced that taxation will not solve our problems.

I was more than surprised to hear the leader of the New Democratic party (Mr. Douglas) say that levying taxes was the main duty of the government. Mr. Chairman, I assure you that we will not follow the economists of the New Democratic party, nor those of the Liberals, as long as their fiscal policy is based on the principle of taxation.

We are here to protect Canadian citizens. We are here to administer, to make the Canadian economy serve the human beings, provide for the welfare of the Canadian citizen, and we will fight to the bitter end to have it reach its goal. We know, and we have figures to prove it, that Canada can reach that objective, that it has the necessary means to establish an economy where all its citizens will have a modicum of security and freedom.

At the present time, our governments are not free. We are increasingly aware of it, especially when we force it to show its hand, as we did by our vote on February 19 last. This vote gave us the opportunity to show the people how public affairs were administered. It has enabled us to show Canadians that the federal government could commit illegal acts, the main one being to arrogate for itself the right to collect taxes even before legislation was passed by parliament.

If we went back over our parliamentary history, we would find many other cases of

illegality. That is why by our vote of February 19 last, we have sought to force the government to show its hand.

Mr. Chairman, since I will not have enough time to conclude my remarks may I call it ten o'clock?

[*English*]

The Assistant Deputy Chairman: Order. It being ten o'clock, shall I rise, report progress and ask leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

• (10:00 p.m.)

BUSINESS OF THE HOUSE

Mr. Starr: Does the government house leader want to tell us what we will take up tomorrow?

Mr. MacEachen: Mr. Speaker, tomorrow we will continue with the tax resolution.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

NORTHERN AFFAIRS—REDUCTION IN BUDGET FOR NORTHERN HEALTH SERVICES

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, earlier this evening we were amazed by the meanderings and confusion of the government's fiscal and economic policies, and I wish to seize this opportunity to bring to the attention of the house something that will add to the general feeling of confusion already expressed. This is a report taken from a recent issue of *News of the North,* stating that there has been a drastic cutback in the finances provided for the care of the residents of northern Canada, particularly in the Northwest Territories, which reduction will principally effect the Indians and Eskimos in that part of Canada.

The report was based on information supplied by Dr. Gordon Butler, chief of the northern health services division, outlining how deep the slashes were that were made. Dr. Butler indicated that he was a quarter of a million dollars short in the funds required even to pay salaries, and the austerity measures of the federal government would make it impossible for his department to maintain present health services, and still less could it increase the services.

This report was picked up by the Winnipeg *Free Press* which dealt with it in this fashion in an editorial on March 2:

> There have been, so far, no demonstrations against the recent cuts in the money available to the field officers of the northern health service of the Department of National Health and Welfare. Who's to miss that $104,000 C.B.C. employees and bad management spent on unused rooms for Expo? The northern health service officers. But of course they would merely handle the money to provide health services for Indians and Eskimos of the north country. And their budget has just been cut.

I think this is the place and the time to bring attention to this problem. We are all aware that there is a real health problem in the territories. As I said earlier today during the question period, the infant mortality rate is astronomically high, being four times the rate in other parts of Canada. It is even greater than the rate in some of the so-called underdeveloped countries of the world. The anticipated life span of our Eskimo population is 20.9 years compared with the average life span of 35 years in countries like India.

At a time when the government is boasting of a breakthrough in medicare and universal health care for all the people of Canada, I think we should take pause because obviously our priorities are all askew. It is little wonder that the people of Canada have decreasing confidence in a government which, in such an inexplicable way, places emphasis on false priorities.

My time is limited, but I should like to ask whoever will be speaking for the government tonight if the tragic gap in health care that is represented by this misplaced economy on the part of the government will be made good by the provision of medicare to the Yukon and Northwest Territories. If not, I think the government deserves censure from this house and from the people of Canada.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, while replying to the remarks of the hon. gentleman I should like to put a few facts on the record. There are 28 treatment institutions strategically located throughout the Northwest Territories. All will continue to be operated throughout the coming year and a number of health centres, health stations and dispensers will also continue to provide services. After the recent accelerated expansion of medical and public health services, including the introduction of total hospital insurance coverage and the

development of an exclusively northern region of medical services, some levelling off in the rate of expansion now seems reasonable, especially since the major causes of the high rates of disease and death are not related either to lack of public health effort or to lack of treatment facilities.

Sixty per cent of the population of the Northwest Territories is comprised of Indians and Eskimos whose mode of living belongs to a more primitive age than that of the populations of the southern provinces. The high birth rates and the high proportion of young people in the population increases problems of child care in the homes. Poverty, the low level of socio-economic development, lack of education in the older age groups, the severe climate, inadequate housing and overcrowding of the limited space a family can afford to heat, all play a significant role as causes of pneumonia, accidents and diseases of infancy.

During the year 1966 the chief causes of death in the Northwest Territories were pneumonia, 22.3 per cent, injuries and violence, 18.9 per cent and malformations and diseases associated with infancy, 17.9 per cent. During the past few years great strides have been made toward the improvement of living conditions. Whole settlements have been rebuilt. Special attention has been paid to public health engineering problems affecting the provision of potable water at all seasons, and safe, sanitary disposal of sewage.

In 1956 the infant mortality rate for Eskimos was 240 per 1,000 live births. By 1966 this had fallen to 100, for Eskimos. For all groups the infant mortality rate was 140 in 1956 and by 1966 it had fallen to below 80. Measures such as a full program of immunization and health education by public health nurses and trained community health workers are carried on in greater intensity in northern communities than in any other part of Canada. Improved diagnostic programs are turning up more cases of tuberculosis; but this is considered to be the result of increased effectiveness rather than lack of good health practices. Improved housing and nutrition will complement the role of the health department.

In the current year a total of $7,880,000 is being directed to northern health services. This is an increase of 14 per cent over the corresponding sum of $6,920,000 for the year 1966-67. Such a rate of growth repeated year after year would be abnormal and the intention for the year 1968-69 is to hold the line at essentially the current year's level and allocate $7,900,000 to northern health services.

Motion agreed to and the house adjourned at 10.10 p.m.

HOUSE OF COMMONS

Friday, March 8, 1968

The house met at 11 a.m.

CRIMINAL CODE

AVAILABILITY TO ACCUSED OF RESULTS OF INVESTIGATION

Mr. M. L. Klein (Cartier) moved for leave to introduce Bill No. C-205, to amend the Criminal Code (right to inspect).

Some hon. Members: Explain.

Mr. Klein: Mr. Speaker, the object of this bill is twofold; first, that all the facts and evidence of a criminal investigation of an accused prior and subsequent to his arrest be made available to him before trial and that such investigation be carried out for the crown and for the defence; second, that any crown attorney or any officer of the crown be deemed guilty of a criminal offence who knowingly withholds evidence which could contribute to the proof of innocence of an accused.

Motion agreed to and bill read the first time.

AMENDMENT TO ELIMINATE ATTEMPTED SUICIDE AS OFFENCE

Mr. M. L. Klein (Cartier) moved for leave to introduce Bill No. C-206, to amend the Criminal Code (attempted suicide).

Some hon. Members: Explain.

Mr. Klein: Mr. Speaker, the object of this bill is to eliminate a criminal offence the commission of which can only be committed by a sick person. The purpose of this bill is to eliminate the prosecution of a person who attempts suicide.

Motion agreed to and bill read the first time.

THE CANADIAN ECONOMY

PROCEDURE RESPECTING ESTABLISHMENT OF PRICES REVIEW BOARD

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the statement of the Prime Minister in the house yesterday that the government had not yet decided whether legislation would be required to establish the review board the government has in mind in relation to restraining inflation, can the Minister of Finance tell the house when we might expect to learn the decision of the government in this regard, and when we might expect to receive fuller information about the manner in which the proposed board will function and its precise terms of reference?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I ought to answer that question because I will be making a statement on Monday about the proposed board, its nature and how it is to be set up. It is not yet possible to say whether legislation will be required, but the information I have received up to the present indicates that it could be done without legislation. However, I will be making a full statement on Monday.

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a supplementary question for the Prime Minister. Will his statement be made on television or in the house?

EXTERNAL AFFAIRS

VIET NAM—INQUIRY AS TO CANADIAN EFFORTS TO END WAR

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the right hon. Prime Minister. In view of the statement by the Minister of Finance last night emphasizing what many of us have believed for a long time, that the present international monetary disturbances are due mainly to the war in Viet Nam, what new initiative is the government planning to take or to promote in order that this disastrous war may be brought to an end?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think any government, apart from those directly concerned with this war, has taken more initiatives and attempted to do more to bring this tragic war to an end than the Canadian government. We will continue to do what we can.

Inquiries of the Ministry

Mr. Lewis: I have a supplementary question. In view of the fact that the offers of Hanoi have been refused by Washington, and in view of the fact that the chances of ending the bombing of North Viet Nam appear to be smaller than ever, does the government not consider it necessary now to take some initiative at the Security Council to ensure that the first step is taken?

Mr. Pearson: The hon. gentleman speaks about the offers of Hanoi being refused. Perhaps it would be fair to add that the offers to Hanoi to negotiate this matter have been refused more often than the offers from them.

Some hon. Members: Hear, hear.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have a question arising out of the reply given by the Prime Minister a few moments ago—with which, I may say, I am in agreement—as to Hanoi's rejection of the United States initiatives which would have led to the negotiation table. Would the Prime Minister consider, as the Canadian government has taken its stand in favour of the cessation of bombing by the United States, introducing a resolution in this house supporting the government's stand so it would be crystal clear, so far as Canada is concerned, that Canadians as a whole believe with U Thant that a cessation of bombing would lead to the negotiation table and bring about an end to the tragic danger of a third world war?

Mr. Pearson: Mr. Speaker, of course I would be very glad to consider the suggestion of the right hon. gentleman. I would only point out, as my first reaction, that any resolution of that kind to be effective and fair might have to deal with more matters than the actual cessation of bombing. But I would be glad to consider the matter.

Mr. Diefenbaker: If the Prime Minister would draft such a resolution—and it should be a joint resolution of the kind he suggests —I think the house generally would give support to it, and would thereby strengthen the position in this regard of the Canadian government.

ALLEGED DISTRIBUTION FROM CANADA OF PAMPHLETS ADVOCATING ACTS OF VIOLENCE

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I believe this question should be directed to the Solicitor General. I should like to ask whether his department has had an opportunity to investigate the allegations that pamphlets advocating the fire bombing of United States draft offices, as well as other acts of violence, originated in Canada and were postmarked Toronto.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, a copy of this pamphlet has been forwarded to the Department of Justice for a legal opinion. In the meantime the investigation is continuing.

Hon. E. D. Fulton (Kamloops): I have a supplementary question, Mr. Speaker. Some time ago I asked the Solicitor General whether an investigation was under way to establish whether persons in Canada were advocating the breaking of either Canadian or United States laws in connection with advice to draft dodgers. Is the minister in a position now to say whether that investigation is complete and whether any evidence of urging the breaking of Canadian or United States laws has been established?

Mr. Pennell: A summary examination of the material referred to by the hon. member did not disclose commission of a criminal offence. However, officials of the Department of Justice are studying it further for a more considered opinion.

FINANCE

INQUIRY AS TO NEW BOOK OF ESTIMATES

On the orders of the day:

Mr. A. D. Hales (Wellington South): I should like to address my question to the President of the Treasury Board. It arises out of an answer given yesterday when I inquired about the book of estimates. The minister said the printing of new estimates would cost $50,000, whereas the existing estimates might be simply revised. I am wondering if this amount was correct, or whether there was an error.

Hon. E. J. Benson (President of the Treasury Board): I thank the hon. member for asking this question. As I informed him yesterday right after the question period, the correct amount should be $15,000 rather than $50,000. I apologize to the house for giving the wrong figure.

Mr. Hales: May I ask a supplementary question. May I ask the minister now when he proposes to table the revised estimates, and will there be a completely new book or will it simply be a revision?

Mr. Benson: We have not decided as yet whether there will be a completely new book or simply adjustments to the estimate figures. As to tabling, I would say it will take several weeks for a reprinting of any kind.

POSSIBLE CONDITIONS ATTACHED TO ADDITIONAL CREDITS

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of Finance. Yesterday in making his announcement with regard to the extension of additional dollar credits by Italy, Germany and the Bank of International Settlements, the minister did not indicate whether there were any conditions attached to this particular facility being extended to Canada as there were conditions attached to the assistance from the United States. Were there any particular conditions with regard to this extension of credits yesterday?

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker. There were two kinds of stand-by credits made available, those between the central banks of the European countries, the Bank of International Settlements and the Bank of Canada, and no conditions were attached. The loan which is being negotiated with the Export-Import Bank of the United States of course has the ordinary conditions that attach to any loan from that institution, but no conditions requiring any change in Canadian policy.

REFUSAL BY BANKS TO MAKE FARM IMPROVEMENT LOANS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): My question is directed to the Minister of Agriculture. Some chartered banks have now changed their lending policy to farmers and are not prepared to grant farm improvement loans, giving as a reason that the interest rate is too low. Has the minister any comment to make on this subject?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the farm improvement loan program is under review with a view to making more money available to farmers because of the present difficulties as a result of the 5 per cent interest rate under the farm improvement loan program. As soon as any changes that we deem appropriate are conceived, they will be presented to the house or otherwise in the normal and proper manner.

Mr. Grafftey: Set up a task force. Call in the experts.

Mr. E. Nasserden (Rosthern): A supplementary question to the Minister of Finance. Is it the intention of the government to subsidize any increase in interest rates on farm improvement loans that may be provided under government legislation?

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker, there is no such intention.

NATIONAL DEFENCE

REPORTED ESTABLISHMENT OF FRENCH SPEAKING UNITS AND OTTAWA MESS FOR SENIOR OFFICERS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of the promulgation of the armed forces unification act and the coming into effect on February 1 of this year of the Q.R.O. changes, as well as certain orders in council, will the minister bring to a halt suggested policies to establish new armed forces organizations, French speaking only, and the establishment of a mess and guest house in Ottawa available only to those of the rank of brigadier and higher?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I think it is unfair to say we ever had any plan to establish units that were exclusively French speaking. We never had that in mind. So far as the senior officers' mess is concerned—

Mr. Winch: And guest house.

Mr. Cadieux (Terrebonne): I don't know what the hon. member is talking about when he refers to a guest house. There is a mess for which senior officers pay the expenses.

GRAIN

INQUIRY AS TO FINAL PAYMENTS FOR 1966-67 CROPS

On the orders of the day:

Mr. E. Nasserden (Rosthern): My question is directed to the Minister of Trade and Commerce. I wonder if the minister will consider making the announcement of the final payments for wheat, oats and barley soon?

Hon. Robert Winters (Minister of Trade and Commerce): I will endeavour to do that early next week.

Inquiries of the Ministry

EXTERNAL AFFAIRS

RHODESIA—REFUSAL TO COMPLY WITH COMMUTATION OF DEATH PENALTY

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, in view of the question I put to the Prime Minister yesterday concerning Rhodesia and the reply I received, I was wondering if the Prime Minister is now in a position to give us a little more information on the nature of the discussions with the British government.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. Those discussions are continuing, and I cannot report on them at the moment. However, I will do so as soon as possible.

SPORTS

CANADIAN PARTICIPATION IN FORTHCOMING OLYMPIC GAMES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, although the Minister of National Health and Welfare alluded to this subject a few days ago, for sake of clarity I should like to ask him whether the government's policy of assistance to those organizations sponsoring our athletes at the summer games in Mexico has been affected by South Africa's apartheid policy.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, policy in connection with international competitions is determined basically by the sports associations in Canada. The Department of National Health and Welfare has not taken the attitude that we ought to direct the policy of sporting organizations and associations in Canada.

Mr. Grafftey: A supplementary question, Mr. Speaker. Can I assume then that the usual government assistance to our athletes will be given this year.

Mr. MacEachen: Mr. Speaker, advice on grants to the associations in Canada comes from the national advisory council on fitness and amateur sport. The council has been meeting this week in Ottawa and has undoubtedly considered this particular point, and will be expressing its views. In the meantime I think the situation has to some extent been assisted by the decision of the I.O.C. to reconsider the matter.

[Mr. Winters.]

INCOME TAX

REPORTED STATEMENT RESPECTING CONCESSIONS TO PETROLEUM AND MINING INDUSTRIES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to ask a question of the Prime Minister. In view of the statement of the Minister of Finance in connection with the United States guide lines and their effect on Canada, and in view of the importance of the productivity in this country to stabilize the economy, was the Minister of Justice speaking for the government when he said that he believed the special income tax concessions to the petroleum and mining industries should be abolished?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have no knowledge that the Minister of Justice made any such statement. I do not think he has, either.

Mr. Woolliams: Mr. Speaker, may I put a supplementary question to the Minister of Justice. Was that statement made by him, and is that his position in this regard?

Mr. Speaker: Order, please.

FINANCE

EFFECT OF AGREEMENT WITH U.S. ON CANADIAN GOLD RESERVE

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to direct a question to the Minister of Finance. Has the gold portion of Canada's reserves been made subject to the new agreement with the United States, in that they will be transferred to non-negotiable United States securities?

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker.

TRADE

STEEL—STATEMENT RESPECTING APPLICATION OF DUMPING DUTY

On the orders of the day:

Mr. Joseph Macaluso (Hamilton West): Mr. Speaker, I have a question for the Minister of National Revenue. In view of the fact that the minister's department is conducting investigations into dumping in Canada by foreign steel producers, what has been the result of such investigations?

[*Translation*]

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker, after investigation, some cases of dumping have been brought to light. In such cases we have taken anti-dumping measures and collected the charges provided for in the act and, as a result, prices have gone up for those people who were trying to dump steel in Canada.

[*English*]

SUGGESTED ESTABLISHMENT BY CHINA OF CANADIAN OFFICE

On the orders of the day:

Hon. Alvin Hamilton (Ou'Appelle): Mr. Speaker, my question is to the Minister of Trade and Commerce. In view of recent indications by the government of an awareness of China, has a decision been reached to allow China to set up a trade office in Canada?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, that matter has not arisen recently.

EXPO '67

REQUEST FOR STATEMENT OF REVENUES AND DEFICIT

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Minister of Trade and Commerce. In view of the announcement that Expo contributed some $450 million to Canada's balance of payments, when will the minister be in a position to give parliament a complete financial report on the revenues accruing from Expo as well as the cost, including the final deficit?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the hon. member has a question on the order paper at the moment regarding this matter. An answer is in course of preparation. It has been circulated to other departments concerned. I hope to be able to table the answer next week.

[*Translation*]

SHIPPING

INQUIRY AS TO SECURITY MEASURES IN INTERNAL WATERS

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wanted to put a question, but before, I should like to call your attention to the fact that the hon. member for Lac-Saint-Jean has been trying to be recognized since the beginning of the question period, but has been unable to catch your eye.

Mr. Speaker: Order. The hon. member for Lac-Saint-Jean.

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I gave notice of the question I want to put to the hon. Minister of Transport.

Since there seems to be a conflict of jurisdictions over water security with regard to Lake St. John in the province of Quebec, can the hon. minister tell us which of the federal or provincial governments is responsible for water security on that inland sea?

Mr. Speaker: I believe that question is out of order because it entails interpreting the rules.

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I put a supplementary question?

Can the hon. minister look into the matter with the view to establishing who is responsible for security on Lake St. John and then report to the house?

PUBLIC ACCOUNTS

REQUEST OF AUDITOR GENERAL FOR ADDITIONAL PERSONNEL

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, on February 29 I directed a question to the Acting Prime Minister, in order to know whether measures would be taken so as to authorize the Auditor General of Canada himself to hire the personnel he needs for the auditing of government accounts.

Would the right hon. Prime Minister be prepared to give an answer today, and could he also tell us to what extent the measures announced by the Minister of Finance will affect that request of the Auditor General of Canada?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): I am afraid I am not able to answer that question today, Mr. Speaker. I shall do my best to get an answer for Monday.

ATLANTIC DEVELOPMENT BOARD

DISPOSITION OF RECOMMENDATION RESPECTING HIGHWAY CONSTRUCTION

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is directed to the minister who reports to the house

for the Atlantic Development Board. Will the minister advise when he will be in a position to approve the recommendation of the Atlantic Development Board for the spending of some $20 million in the Atlantic provinces for highway construction, which matter has been awaiting signature for quite a period of time?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker; no submissions are awaiting my signature in connection with this matter.

Mr. Muir (Cape Breton North and Victoria): May I ask the minister if his signature is being withheld as a result of the dispute between Premier Robichaud of New Brunswick and himself?

Mr. Speaker: Order, please.

PUBLIC SERVICE

SALARIES OF NURSES IN HALIFAX-DARTMOUTH AREA

On the orders of the day:

Mr. J. M. Forrestall (Halifax): My question is addressed to the President of the Treasury Board, Mr. Speaker. Can he now answer the question I put to him twice previously about nurses' salaries in the public service?

Hon. E. J. Benson (President of the Treasury Board): Mr. Speaker, the Treasury Board at its meeting yesterday approved an increase in nurses' salaries in the Public Service of Canada.

Mr. Forrestall: A supplementary question, Mr. Speaker. Can the President of the Treasury Board indicate whether this salary raise for our nurses in the public service will mean that they are no longer the lowest paid nurses in Canada?

Mr. Speaker: Order, please.

Mr. Robert Simpson (Churchill): A supplementary question, Mr. Speaker. Can the minister say whether nurses in the northern health services are to be included in the salary increase?

Mr. Benson: Yes, they will, Mr. Speaker. The raise is for nurses employed in the public service all across Canada. I dispute their having been the lowest paid nurses in Canada. The increase is of the order of $500 per annum.

[Mr. Muir (Cape Breton North and Victoria).]

[*Later:*]

Mr. Robert McCleave (Halifax): I have a supplementary question to direct to the President of the Treasury Board. Are the increases awarded to nurses straight across the board increases, or do they also take into account the complaints of nurses in the Halifax area with regard to differentials?

Mr. Benson: All matters which were brought to our attention were taken into consideration. The announcement involves a long schedule of classifications. I would not like to have given the impression earlier that everybody got a $500 increase. It varies according to classification.

AGRICULTURE

INQUIRY AS TO RETENTION OF P.F.R.A. ENGINEERS

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): I wish to direct my question to the Minister of Agriculture, Mr. Speaker. Can the minister inform the house whether his department is planning to keep on staff engineers who have been working on P.F.R.A. projects throughout western Canada, or are these engineers to be phased out in the way the government is phasing out P.F.R.A. projects?

Mr. Speaker: Order. That question should be placed on the order paper.

HARBOURS

BRITISH COLUMBIA—DEVELOPMENT OF PORT AT ROBERTS BANK

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): I wish to direct a question to the Minister of Transport, or really I wish to rephrase the question I asked yesterday. Having read front page reports in Vancouver newspapers I am convinced that the question is urgent. Can the minister assure the house that his department and the government of British Columbia are not on a collision course over the construction of the super port at Roberts Bank?

Mr. Speaker: Order. The matter may be urgent, but the question as asked is not in order.

[*Later:*]

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I should like to direct a question to the Minister of Transport, and I would like to

make it clear that I am not asking for a legal opinion. Has he sought or received an opinion from the legal officers of the crown as to the competence of the government of British Columbia in establishing a harbours board for Roberts Bank?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, the National Harbours Board has received legal opinions in respect to the various factors involved in the construction and operation of this proposed port.

Mr. Harold E. Winch (Vancouver East): As a supplementary question may I ask the minister whether he has had the opportunity to study the opinion of Premier Bennett on this development and, if so, is he prepared to proceed with full construction under federal control?

Mr. Hellyer: Mr. Speaker, we are determined that working out the details with the province will not delay this project. This is a project of significance not only to British Columbia but to the whole western part of Canada. It is a great national work. It is the orientation toward the Pacific, which is one of the great development areas for the future, and we have a responsibility to see that the construction of the port is not delayed.

We still hope to have the full co-operation of the premier and his government as we proceed, and once our study of the ownership and management of ports is completed we will be glad to discuss this too with them, but in the meantime we do not want to hold up construction; we want to get on with the job.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, as a supplementary question I would like to ask whether an application has been filed under the provisions of the Navigable Waters Protection Act by the government of British Columbia for the approval of plans for the construction of a harbour in the area under discussion.

Mr. Hellyer: Mr. Speaker, there is a question in respect to the Navigable Waters Protection Act related to certain works proposed, particularly the proposed hydro conduit across the harbour to Victoria Island—

Mr. Barnett: To Vancouver Island.

Mr. Hellyer: It is going to be Victoria Island in the years ahead—but I hope none of these small difficulties will hinder the installation of essential services.

Mr. Johnston: Mr. Speaker, when the minister refers to working out the details, will these be worked out in conjunction with the newly constituted provincial harbour board of British Columbia?

Mr. Hellyer: Mr. Speaker, we are in touch with the province in respect to the details, and these can be handled by the regular departments of the province or through their board or in whatever other way the province wishes to have them dealt with.

Mr. Barnett: Mr. Speaker, I wish to ask a supplementary question, and it arises out of the fact that maybe the minister did not understand my original question. I did not ask about the approval of hydro plans. I asked whether the government of British Columbia had filed plans for approval under the Navigable Waters Protection Act for the construction of a harbour in this area. Before I sit down may I just say to the minister—

Mr. Speaker: Order, please.

TRADE

INQUIRY AS TO SIGNING OF INTERNATIONAL GRAINS AGREEMENT

On the orders of the day:

Mr. W. H. Jorgenson (Provencher): My question is for the Minister of Trade and Commerce, and I ask it because of a question which the hon. member for Moose Mountain (Mr. Southam) asked on March 1. Can the minister tell the house how many nations have already signed the two conventions making up the international grains arrangement that embodies the Kennedy round cereals agreements which were open for signature between October 15 and November 30 last year? Has Canada actually signed these instruments?

Hon. Robert Winters (Minister of Trade and Commerce): Yes, Canada has actually signed. As to the precise number of the other countries, I should like to refresh my memory and reply early next week.

Mr. Jorgenson: Does Canada intend to deposit the signed instruments by the agreed deadline next summer and, if so, how many other nations are expected to follow suit?

Mr. Winters: Canada does. I should like to reply to the other part of the question in the same way as I did a moment ago.

Inquiries of the Ministry

EXTERNAL AFFAIRS

SUGGESTED RECONSIDERATION OF STATEMENT RESPECTING FRANCE

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Prime Minister. Considering the announcement made yesterday to the committee on finance, trade and economic affairs of the House of Commons that the finance committee of the French National Assembly has asked to meet with our committee on March 25, does not the Prime Minister think his rather stark support of the truculent statement of the Minister of Justice with regard to our relations with France should be reconsidered for fear of breaking off what may be a very useful conversation with the French assembly?

Mr. Speaker: Order. I suggest to the hon. member that the question as asked is argumentative.

NIGERIA—CANADIAN EFFORTS TO END CIVIL WAR

On the orders of the day:

Mr. Heath Macquarrie (Queens): My question is directed to the Prime Minister and has to do with the so-called forgotten war, the bloody and continuing conflict between Nigeria and Biafra. Can the Prime Minister indicate what steps Canada is taking toward initiating a united Commonwealth effort to bring this terrible conflict to an end and make it possible for negotiations to begin?

Right Hon. L. B. Pearson (Prime Minister): We have been keeping in close touch with the Secretary General of the Commonwealth organization. As the hon. gentleman knows, he has been in Nigeria to see what he might do to bring this civil conflict to an end. There have been no requests made of the Canadian government at this time.

Mr. Howard Johnston (Okanagan-Revelstoke): The Prime Minister says he has been keeping in touch. Does this include consultation with the Biafran representatives who are now in Canada?

Mr. Pearson: In these matters we have naturally to deal officially with the government of the country concerned, and in this case it is the government at Lagos.

[Mr. Winters.]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Jack Roxburgh (Norfolk): I should like to address a question to the Prime Minister. In view of what appeared in Mr. Bain's column in the *Globe and Mail* this morning I sincerely hope my right hon. friend will see to it that Mr. Bain receives a centennial medal without delay.

Mr. Speaker: Order.

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, I want to direct a question to the President of the Treasury Board. It is relative and supplemental to questions that were asked earlier today. Is it government policy to instal wall to wall carpeting in all deserted R.C.M.P. houses across Canada, as is now being done on Walpole Island?

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. As an aid to curtailing unnecessary spending and saving the Canadian taxpayers millions of dollars, will the government consider withdrawing Canada's participation in NORAD?

Mr. Speaker: Order.

RURAL DEVELOPMENT

MANITOBA—ARDA AGREEMENT RESPECTING INTERLAKE REGION

On the orders of the day:

Mr. Eric Stefanson (Selkirk): I have a question for the Minister of Forestry and Rural Development. Is the minister in a position to reply to the question I asked him on Friday, February 15 relating to vocational training school program agreements covered by the ARDA-FRED arrangements?

[*Translation*]

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Yes, Mr. Speaker, arrangements are now being made between the department of manpower, the department of forestry and the Manitoba government so that the planned program may be carried out as of this year and in subsequent years.

[*English*]

INDUSTRY

DRUGS—POSSIBLE COLLAPSE OF WESTERN CANADIAN FIRM

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): I have a question I should like to direct to the Minister of Agriculture. It follows the question I directed to him on Monday last as reported at page 7233 of *Hansard,* which refers to the possible collapse of the new and expanding P.M.U. estrogen drug industry in western Canada because of the terms of Bill C-190. The hon. gentleman undertook to consult his colleague the Minister of Consumer and Corporate Affairs—

Mr. Speaker: Order. Would the hon. member please ask his question?

Mr. Southam: I am referring to it in order to refresh the minister's memory. He said he would consult with the Minister of Consumer and Corporate Affairs on this matter. Has he done this, and, if so, what was the result?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Perhaps I can answer on behalf of the Minister of Agriculture. We did have a consultation, and I have received representations from farm producers of P.M.U. in western Canada directed to me apparently on the basis of statements by representatives of the company concerned that they fear the company's P.M.U. processing operations in the west will be closed down as a result of import competition if Bill C-190 is enacted. The company has not made any such representations to me.

We accordingly communicated with the head office of the company in Montreal. I am informed that the company has no present plans to curtail its P.M.U. processing operations in western Canada in view of Bill C-190, and that no authority was given by the company's head office to its western representatives to inform the farm producers concerned that the plant would close as a result of Bill C-190. The company has informed us that it has long term contracts with producers of P.M.U., and it is the intention to honour these contracts.

Mr. Speaker: Order, please.

FINANCE

EXEMPTION OF CANADA FROM U.S. BALANCE OF PAYMENTS MEASURES

On the orders of the day:

Mr. M. W. Martin (Timmins): I have a question for the Minister of Finance arising out of a report in the *Globe and Mail* this morning to the effect that the minister has received a letter from Mr. Fowler freeing Canada from all restrictions—

Mr. Speaker: Order. Would the hon. member ask his question directly?

Mr. Martin (Timmins): My question is based on this report. Can the minister inform the house whether this freedom from restriction includes the 18½ per cent tax on the purchase of Canadian securities?

Hon. Mitchell Sharp (Minister of Finance): I made a statement yesterday in general terms. I tabled the exchange of letters between Mr. Fowler and myself, and at that time I set out precisely the nature of the exemption. I dealt with the interest equalization tax at the same time. Perhaps the best way of handling the matter would be for the hon. member to direct his question to me when we are in committee of supply.

NATIONAL CAPITAL

INQUIRY AS TO ESTABLISHMENT OF JOINT PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. Barry Mather (New Westminster): My question is directed to the Minister of Public Works. Bearing in mind current issues concerning construction regulations and standards in the national capital, can the minister indicate when we may expect the establishment of the parliamentary committee on the national capital?

Hon. G. J. McIlraith (Minister of Public Works): It is my understanding from comments made by the house leaders—and I refer particularly to the house leader for the official opposition—that if such a motion were brought forward there would be no debate. On that understanding I would hope we could bring it forward today. In any event, we are ready to bring it forward immediately.

Inquiries of the Ministry

AGRICULTURE

REQUEST FOR INCREASE IN SUPPORT PRICES

On the orders of the day:

Mr. E. Nasserden (Rosthern): I have a question for the Minister of Agriculture. Having regard to the increasing costs of production, including rising interest rates, in the agriculture industry, is the government planning to provide a proportionate increase in support prices for commodities under the Agricultural Stabilization Act?

Mr. Speaker: Order. This is a question of far too wide a scope to be asked and answered at this time. The hon. member is asking for information of a type which should be given on motions.

Mr. Nasserden: Would the minister or the Prime Minister be willing to refer the operations of the stabilization act to the agriculture committee?

Hon. J. J. Greene (Minister of Agriculture): I believe the committee is master of its own procedure and the subject matters which it studies.

Some hon. Members: No.

Mr. Greene: Certainly I would have no objection to a study of the workings of the stabilization act if the committee felt this to be in the interest of its work.

POTATOES—REQUEST FOR STUDY BY TASK FORCE

On the orders of the day:

Mr. David MacDonald (Prince): This question is addressed to the Minister of Agriculture and has to do with the serious conditions which exist at the present time within the potato industry in both eastern and western Canada. Recognizing the usefulness of the federal task force on agriculture, I wonder whether the minister has instructed the task force to undertake a special research project involving the whole potato industry in this country.

Hon. J. J. Greene (Minister of Agriculture): I do not instruct the task force as to the ambit of its studies but I feel certain, in view of the difficulties which exist in this industry—eastern Canada does not want value for duty placed on potatoes this year while western Canada does—that the task force will give serious consideration to making a special study of the potato industry in this country.

[Mr. McIlraith.]

[*Translation*]

CANADIAN NATIONAL RAILWAYS

QUEBEC—INQUIRY AS TO ADEQUACY OF ROAD BED INSPECTION

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I wish to direct a question to the Minister of Transport.

It seems that the C.N.R. is implementing in the province of Quebec a program to eliminate several platforms and to reduce the number of people responsible for checking the tracks.

Could the minister tell us if safety measures will be taken to ensure, in spite of the implementation of that program, continuous inspection of the tracks when turbotrains are put in operation?

[*English*]

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I will be glad to refer this question to the railway and then reply to my hon. friend.

EXPO '67

REPORTED SALES OF ASSETS WITHOUT TENDERS

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I wish to address a question to the Minister of Trade and Commerce. Inasmuch as the Montreal city council executive committee has signed a draft agreement to buy certain Expo assets for a dollar, I wish to ask if this was done by open tender, as the Canadian National Exhibition wished to tender on certain of those assets.

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, certain of the assets remain to be disposed of, notably the Expo Express, and tenders have been called for that. Most of the other assets were disposed of to the three parties to the agreement, the city of Montreal, the province of Quebec and the federal government by mutual agreement.

Mr. Cowan: As a supplementary question, these were not sold by open tender then?

Mr. Speaker: Order, please.

Mr. Robert C. Coates (Cumberland): As a supplementary question, earlier this morning the Minister of Trade and Commerce indicated that he is preparing an answer to question No. 930 on the order paper. I am wondering just how much detail we are going to be able

to secure on the over-all basis of Expo in regard to—

Mr. Speaker: Order, please. I suggest to the hon. member that he should wait until he obtains an answer to the question on the order paper before asking a supplementary question.

Mr. Coates: As a supplementary question, Mr. Speaker, the Auditor General's report for 1967 estimated the deficit as of June 1, 1967, at $200 million. This is information available to the—

Mr. Speaker: Order, please. This is argument. The hon. member is not asking for information now.

IMMIGRATION

CONSIDERATION OF APPLICATIONS FROM ASIANS IN KENYA

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, on Wednesday the hon. member for Burnaby-Coquitlam asked the Minister of Manpower and Immigration whether a special team was being sent to Nairobi and whether special regulations were being drawn up to assist people in view of the unusual circumstances in Kenya. Can the minister make a report to the house on this matter now?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, a special immigration officer will be on the spot in Nairobi early next week, and within two or three weeks a mobile team will also be in Nairobi to take care of applications for immigration to Canada.

[*English*]

Mr. MacDonald (Prince): As a supplementary question, can the minister indicate at the present time how many applications have been received from Kenya for immigration to Canada?

Mr. Speaker: Order, please. The hon. member is asking for detailed information which cannot be given at this time.

INDUSTRY

FEDERAL ASSISTANCE IN DEVELOPMENT OF ALBERTA TAR SANDS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would have directed this question to the Minister of Transport but he is obviously more concerned with harbour development in the Vancouver area than he is with the area from which I come. So I would like to direct my question to the Minister of Energy, Mines and Resources, and ask him if the government is able to provide the house with any information as to the extent to which it may be assisting in promoting the development of the Alberta tar sands and the subsequent pipe line transmission—

Mr. Speaker: Order, please. This question is of a very general nature. The hon. member is asking for information which ought to be given to the house by way of a statement on motions.

Mr. Howard: Then may I ask, will the minister make a statement on motions on Monday about this matter?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): I will consider that, Mr. Speaker.

NATIONAL CAPITAL

ESTABLISHMENT OF JOINT COMMITTEE TO EXAMINE COMMISSION PROGRESS AND PROGRAMS

Hon. G. J. McIlraith (Minister of Public Works) moved:

That a joint committee of both houses of parliament be appointed to examine the progress and programs of the National Capital Commission in the development, conservation and improvement of the national capital region;

That twelve members to act on behalf of the House of Commons as members of the said committee be designated at a later date;

That the said committee have power to call for persons, papers and records, to sit while the house is sitting, and to report from time to time;

That the said committee have power to print such papers and evidence from day to day as may be ordered by the committee and that standing order 66 be suspended in relation thereto;

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose and to select, if the Senate deems advisable, some of its members to act on the proposed joint committee.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Frank Howard (Skeena): Mr. Speaker, just before the question is put I wish to say I have no great disposition to argue about the passing of the motion, but it seems rather ludicrous to me that we are going to give birth to a committee that is going to die immediately. It is indicative of the attitude

of the government to matters of this nature and—

Mr. Speaker: Order, please. Is it the pleasure of the house to adopt the said motion?

Mr. Howard: On division.

Motion agreed to on division.

• (11:50 a.m.)

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act to provide among other things:

1. That for the 1968 and subsequent taxation years the amount deductible by a taxpayer in respect of gifts made to a province shall not be subject to the limitation imposed by paragraph (a) of subsection (1) of section 27, and the amount deductible in a year by a taxpayer in respect of gifts made either to a province or to Canada shall include an amount in respect of such gifts made by him in the preceding year to the extent that such amount was not deductible in computing his taxable income for the preceding year.

2. That with respect to taxable income earned in 1968 and 1969, in addition to the income tax otherwise payable by a corporation under the Income Tax Act, a surtax be payable equal to 3% of the amount of tax as determined under section 39 or 69 of that act, as the case may be.

3. That for the 1968 and 1969 taxation years, in addition to the income tax otherwise payable by an individual under the Income Tax Act, a surtax be payable equal to 3% of the amount of the basic tax as determined under section 33 of that Act in excess of $200.

4. That for the taxation years commencing after November 1968 a corporation shall during the 12 months period ending 2 months after the close of each taxation year, pay to the Receiver General of Canada

(a) on or before the last day of each of the 12 months in that period, an amount equal to one-twelfth of the tax as estimated by it at the rate for the taxation year

(i) on its estimated taxable income for the year, or

(ii) on its taxable income for the immediately preceding year,

(b) on or before the last day of the month ending 3 months after the close of each taxation year the remainder of the tax payable on its taxable income for the year at the rate for the year

and that for the taxation year commencing in the period after November 1967 and before December 1968 a corporation shall during the 10 months period ending 2 months after the close of its taxation year pay to the Receiver General of Canada

(c) on or before the last day of

(i) the 2nd month,

(ii) the 4th month,

(iii) the 6th month,

[Mr. Howard.]

(iv) the 8th month and

(v) the 10th month

in that period an amount equal to one-fifth of the tax as estimated by it at the rate for the taxation year

(vi) on its estimated taxable income for the year, or

(vii) on its taxable income for the immediately preceding year,

(d) on or before the last day of the month ending 3 months after the close of its taxation year the remainder of the tax payable for the year at the rate for the year.

[*Translation*]

Mr. Gauthier: Mr. Chairman, in order to continue the remarks which I was not able to finish last night, I wish to call the special attention of the house to the four items of the measure which is placed before us. A study of those items reveals that two of them, Nos. 1 and 4, deal mainly with the people who have money while the other two deal with those who precisely need money.

The first item reads as follows:

That for the 1968 and subsequent taxation years the amount deductible by a taxpayer in respect of gifts made to a province shall not be subject to the limitation imposed by paragraph (a) of subsection (1) of section 27, and the amount deductible in a year by a taxpayer in respect of gifts made either to a province or to Canada shall include an amount in respect of such gifts made by him in the preceding year to the extent that such amount was not deductible in computing his taxable income for the preceding year.

Mr. Chairman, in the light of that item, I feel that we are in the process of instituting a Saint-Vincent-de-Paul society at the federal level. In fact, it seems we want to transpose at the federal level the procedure used by Saint-Vincent-de-Paul societies working in our municipalities, and I can see in this a danger with regard to the gifts made, for instance, to a museum or other provincial or federal agencies.

For instance, if someone omits to declare to the taxation department, sums of money or museum pieces worth $50,000, $60,000, or $100,000 with a little politics, it will only be necessary to say that such value represents a gift to some museum, a province or to the federal government. He will get some benefit out of the deal and it will thus be protected under the aegis of a Saint-Vincent-de-Paul society. I think that it was a well conceived item, not by the Minister of Finance (Mr. Sharp) but by his experts. It is a sort of subtle way of telling us that there are probably big amounts and large collections to be protected.

I now quote item No. 4:

That for the taxation years commencing after November 1968 a corporation shall during the 12 month period ending 2 months after the close of each taxation year, pay to the Receiver General of Canada.

In short, it is a matter of accelerating the remittance of payments by the companies. We know what the government is going to collect momentarily and we know that the funds will come in faster, but it will not affect in any way large pulp and paper companies or others, because they are not subject to any new tax.

We are in favour of that method of collecting the money more quickly but the people should not be led to believe that a tax has been levied against the big corporations because they are simply asked to file their returns two months earlier than in previous years. That provision is set forth in paragraph 1, which I quoted, and in paragraph 2 which reads as follows:

That with respect to taxable income earned in 1968 and 1969, in addition to the income tax otherwise payable by a corporation under the Income Tax Act, a surtax be payable equal to 3 per cent of the amount of tax as determined under section 39 or 69 of that act, as the case may be.

A 3 per cent tax is levied on the income of corporations and small private companies. The New Democratic party must be very happy about that small tax because it has such a grudge against private enterprise.

In my opinion, this will inevitably fall on the shoulders of workers, family heads, because companies will certainly include the tax in their expenses and in the price of their goods. Finally, this will be another tax laid on the shoulders of the small wage-earner.

Paragraph 3 reads as follows:

That for the 1968 and 1969 taxation years, in addition to the income tax otherwise payable by an individual under the Income Tax Act, a surtax be payable equal to 3 per cent of the amount of the basic tax as determined under section 33 of that act in excess of $200.

Mr. Chairman, it is exactly the same baby as in the bill rejected on February 19, but instead of one dress it now has two.

I warned the minister last night that the purpose of this bill, just like that of February 19, is to burden the small taxpayer with another tax. We told him over and over again that we would not support a measure intended to raise the taxes paid by workers and diminish their pay cheques.

The worker's cheque is already reduced by 30 to 33 per cent, and we are asked today to support legislation intended to cut the cheque down still further. I am convinced that, at this rate, in four or five years at the latest, 50 per cent of the employee's pay will be deducted for taxes. In view of this escalation of taxes, which must absolutely be stopped, we say to the government: That is enough. Money can be raised in other ways. Let the government avail itself of these other ways of raising money and try to ease a little the burden of those who need their weekly pay to support their families.

Not only does the government attack the surplus revenue of the individual, but he also attacks the vital minimum. We do not have the right to levy taxes on what is essential to life, the vital minimum, and that is actually what this law will do.

In short, up to a point, that will be the influence of this measure on the corporations. This bill does not seem to be as severe as that of February 19, but it is nothing other than a compromise. In fact, the *Journal de Montréal* of March 7 outlined very ably the effects of this law on the worker, and I quote:

The compromise will change very little for people in the middle income or higher income brackets, but will strike more severely those who earn more than $25,000 a year. In fact, the new measure has no ceiling, whereas in the bill that was defeated in February, the ceiling was $600. The basic exemption which was $100 in the defeated bill is now increased to $200. In other words, a single person earning less than $2,743 a year will not have to pay the surtax nor will a married man earning less than $3,743 a year.

• (12 noon)

Mr. Speaker everybody knows that nowadays for a man with a family, living on $3,743 is tantamount to living on social assistance. And if social benefits recipients had to pay taxes, that would be most ridiculous. Therefore, I say that a man with a family cannot live on less than $5,000 or $6,000 a year. That is also why I said earlier that we have come to the point of taxing the necessities of a family.

I understand, Mr. Chairman, that the hon. minister needs money to cover his deficits. But first and foremost, he should consider practising economy. He said he could save $75 million. I think that through a revision of the estimates of some departments, such as the Department of National Defence and others, he could trim down his estimates by as much as $400 million or even half a billion. This

would only bring a little relief to the Canadian economy and it would be more logical for the Canadian people.

If we must live within our means, we should start to do so at the level of the federal budget. Can you imagine a country, with a population of 20 million, having a federal budget of $11,500 million, not to mention provincial budgets? It is simply ridiculous. There is surely some leakage somewhere; it is essential that the minister become aware of the situation and refrain from allowing too much latitude to all those experts, all those bureaucrats, who are constantly increasing the budgets.

The budget for the current year has increased by almost $3 billion. I find this astonishing, and I say again to the minister what we already told him at the time of the February 19 vote: This measure still affects the family budget and we shall not allow the government to take away more purchasing power from our families, which are extremely hard up at present. The minister should at all costs bear that in mind and put it in his bureaucrats' minds, if he still has some influence over them, but I doubt it.

Mr. Chairman, I would have like to dissuade the minister from introducing a bill which is still taxing, as I indicated earlier, the small and average wage-earner.

It is obvious that the citizen who lives on $3,500 annual income should not be taxed, not any more than the one who draws social security. The minister still has to collect a few dollars from the worker and that is where he goes to find. If that had still been possible, I would have liked to show him that this is not conformable to the will of the people.

We have a democratic government, we have been elected to act according to the will of the people of Canada; however, what we are doing now is not the will of the people of Canada. As far as I am concerned—and most certainly the same can be said of all other members here—I have pledged myself to serve my constituents. It is not in order to support trusts and other interests that we are here, Mr. Chairman. My only concern in this house is the well-being of my constituents, and I am sure the primary concern of all the other members is the well-being of their own constituents.

I would not want to lay all the blame on the hon. minister, as he is not the only one responsible for the present situation; in fact, he is not even the one who is really to blame.

[Mr. Gauthier.]

Above governments, there is a nameless organization whose members are very influential. It is this organization I want to denounce today to the people of Canada, because it uses both parties, Tories and Grits, to its own ends, pulling the strings as if they were puppets and putting the burden of taxation on the people of Canada so as to protect its own money. That is the problem which exists in parliament today, Mr. Chairman. It is obvious here that everything changes, except the senior officials.

I submit that the government, whether it is a Liberal or Conservative government, follows the same basic principles and is the tool of those experts whom I call senior officials and who are there to carry out the wishes of the great financiers. It is precisely against that state of affairs, against those masters, against the powerful, the mighty financiers in Canada who use the government, whether it is Liberal or Conservative, that we want to fight. We have just gone through a political crisis and if the Conservatives had been in office, the same thing would have happened, because they follow the same basic principles.

We do not have any set principles because when we go to the people we do not refer to them. But we discuss them because we have a doctrine: We say that we believe in Social Credit.

The members of the New Democratic party are socialists; they can explain something different, a different doctrine. But the Conservatives and the Liberals always have the same doctrine; their economic principles, their masters are the same.

We do not endorse all the principles of socialists, just as they do not endorse all of ours. But, nevertheless, our principles are different from those of the two old parties, and it is at that level that I say that changes are absolutely necessary.

When we consider the record of the two old parties since confederation, and especially over the last fifty years, we can only conclude that we have had a chameleon government which takes the colour of the political season. That is all we have. The actors come and go, but it is always the same tragedy: the bondage of the people and the triumph of the great financiers, the masters of our country. That is our parliamentary system today, Mr. Chairman. Now, this is what we want to expose. How do they get control of the country? Through taxes and surtaxes and by subjecting the people to slavery. That is how.

We have tremendous resources; we boast of being the second richest country in the world. And what have we got? Debts, debts to no end. What does the government do about it? It borrows, like just recently, and borrows again later, putting us deeper and deeper into debt.

But, Mr. Chairman, where does all that lead us? There is an absolute need for a more reasonable government assuming its responsibilities and getting money where money is. That money is in the hands of those who are exploiting our country and that is the only place to get it.

In the last vote, we indicated how this could be done. Through a free vote.

• (12:10 p.m.)

Mr. Chairman, if there were a free and non-partisan vote, we would have a truly democratic government, a popular government which would be working for the good of the people instead of protecting trusts which control our country. That is what we want.

When we get this free vote, the members will be free to work for their ridings. The government will be free; it will have a free hand, and the whole of the Canadian people will benefit from the democratic freedom to which we all aspire.

Mr. Chairman, that day is certainly not here yet. The financiers have too much influence over this government. I hope the people will awaken one day, before there is a revolution. I hope this with all my heart, but I fear that the financiers, who are heartless men, will prefer to see blood flow rather than give up a little of what they have.

We are still living in a democracy and I hope that the people will wake up as soon as possible and ask their true representatives, those who will work for them, to occupy the seats bought up by high finance.

I hope that this day is not too far away, Mr. Chairman, because I think that, at the present time, we are about to undergo a change which must be made at any cost. If that change does not occur in the country—I do not want to be pessimistic—I am terribly worried about Canada.

We are precisely here to protect Canadian interests and this is why we are asking today the minister to be more reasonable, more human, to understand the true problem and cope with it. We ask him to refrain from burdening the taxpayer and constantly taxing him. This is not what we could call a good administration.

I know that the minister is intelligent enough to know what to administer means I do not need to explain to him the economic process, he knows it very well, better than I do, but even though it is through no fault of his own, he is not free—that is why he was elected—the financiers have put a rope around his neck. He must often go and seek advice in Washington or Toronto. That is about all he can do. He makes statements, like the one he has just delivered to us, in order to tax a little more those who already are unable to pay their present taxes, and to protect a little more those who are in the process of taking hold of all Canada, 80 per cent of which they control already. It is true that we still barely manage to live on those 20 per cent, but to-morrow they will get us, and then we shall really see the advent of financial dictatorship which, believe me, Mr. Chairman, nobody wishes to see.

[*English*]

Mr. Patterson: Mr. Chairman, when the minister presented his statement on Wednesday he concluded with these words:

> ...the present international circumstances make it urgent, and I cannot emphasize this too much, that we deal as promptly as possible with the measures that are now necessary.

In opening my remarks this afternoon I should like to say that we in this group are of the opinion that on the presentation of this resolution and the consideration of the estimates of the Minister of Finance we should have ample opportunity to set forth clearly our views in regard to the various matters under discussion. But we also feel that it would be desirable that as soon as reasonably possible a decision be arrived at by the members of this house.

I suggest that the plea to parliament for understanding and co-operation in meeting the serious financial situation indicated a radical change in the attitude of the Minister of Finance. Until now the minister has brusquely waved aside any suggestion that the financial policies of the government have undesirable effects upon the national economy. It seems to me that his scorn of any advice, particularly from the Social Credit corner of the house, has been all too obvious on many occasions.

In speaking on the estimates the other day my colleague, the hon. member for Red Deer, dwelt at some length on many of the unhealthy aspects of our economy. It is not my intention today to go into any detail with respect to the conditions to which

he has alluded. However, I might say that members of the Social Credit party have consistently opposed the deficit financing policies not only of this government but of successive federal governments and have predicted that a day of reckoning would surely come. Nations cannot borrow themselves into prosperity, and for governments to burden future generations with perpetual debts in order to meet current expenses is not only poor business but is, I maintain, morally wrong.

• (12:20 p.m.)

The Minister of Finance, I believe, must accept the responsibility for having during his term of office one of the largest deficits, if not the largest, in either the peacetime or wartime history of the country. As we consider the statements that have been presented to us we note that it will require over $1,400 million of the people's tax money just to pay the interest on the national debt in the 1968-69 fiscal year. Unless this trend is reversed the national debt is bound to continue to rise in the years ahead. However, our warnings in this regard have received very little attention.

On many occasions we have also expressed our concern about the fantastic growth of the public service and have called upon the government to exercise restraint. But each year we have seen a continuation of policies that put more and more Canadians on the government payroll without any compensating or commensurate services to the general public. The imposition, by the government of costly programs and projects requiring exorbitant outlays of public money has been challenged on many occasions. Again, I must say this challenge has had little effect on the thinking of the government. The result has been that millions of dollars have been unnecessarily added to an already bloated budget.

Royal commissions that serve no real useful purpose have been set up and have cost the taxpayers millions of dollars. In other cases, work that has been or is being done by royal commissions could readily have been done by Senate committees or other existing agencies, but because of the policy of the government in turning these matters over to royal commissions yet another strain has been added to an already overtaxed public.

These and other factors have in the last few years pushed the spending estimates of the federal government, as was mentioned in the house the other day, from approximately $7 billion to over $10 billion at the present time. With exorbitant interest rates, increasingly higher taxes, the spiralling cost of living and the consequent reduction in the purchasing power of the Canadian people, we have been brought apparently to the brink of financial chaos. According to the Minister of Finance, it seems as though the day of reckoning has finally come.

In order to assist in trying to undo the damage or at least minimize the adverse effects of inadequate and undesirable policies, the government is now asking us to co-operate because the nation is in financial difficulty and the stability of the Canadian dollar is threatened. What we have before us in the minister's statement and resolution is the sequel to the events of February 19 when the government was caught off guard and its bill to increase the tax on personal incomes went down to defeat by the vote of the united opposition. We all know, I think, even though there has been some attempt to reject this position, that traditionally this has meant the defeat of the government. The Prime Minister, in an attempt to salvage the situation, moved a confidence motion that was carried. Following the set-back the Minister of Finance has been searching feverishly for some way to meet the situation in which the government finds itself and has come up now with a resolution providing for an additional tax.

We in this group have already made the position we are taking public. Our decision to accept in principle these proposals, while maintaining our right to consider possible amendments, was based on a number of basic considerations. One was that the proposals now before us are in some measure less objectionable than those contained in Bill No. C-193. I believe that the defeat of that measure jolted the government into a reappraisal of its policies. While the end result has not been all that we had hoped, there have been some changes in the proposals that have been brought before us.

One of these involves the broadening of the tax base. Instead of the surtax being applied only to individuals it now includes corporations. It is our feeling and our belief that this is a desirable change, in spite of the objections that have been raised to the contrary. The suggestion was made this morning that this fact should be of some comfort to our friends in the New Democratic party because of their insistence through the years that corporations have not been paying their fair share of taxes. I do not believe that position has been borne out by the statements that

have been made in the house by spokesmen for the New Democratic party in the course of this debate. We have felt that the whole burden should not be placed upon the individual taxpayer. A suggestion has been made that the burden will eventually be borne by individual taxpayers in the form of higher costs. However, perhaps the Department of Consumer and Corporate Affairs, assisted possibly by the board that is to be set up, could keep a watchful eye on any developments in that regard to ensure that the individual taxpayer does not bear the full burden of the increased taxes the government claims it requires to meet its commitments.

Another factor is that the higher exemption is a recognized improvement in the new measure. Instead of the tax being applied on the amount of tax above $100, it now applies to the amount of tax above $200. I am not just sure what the net effect will be of the increase from $100 to $200 in the exemption, but the minister stated yesterday that 2,400,000 taxpayers will not be paying any surtax, or 36 per cent of those who are expected to fall within the income tax bracket this year. I believe, therefore, that this is another consideration.

• (12:30 p.m.)

But one of the major reasons for taking the position we have taken is that the government has indicated some intention of endeavouring to attack the problem on various fronts. For instance, there is to be a further cut in expenditures amounting to $75 million. I believe a far more drastic saving could be effected without adversely affecting the nation as a whole. If the government had used a fine-tooth comb in going through its estimates and its spending program I am confident it could have come up with far greater cuts without, as I say, adversely affecting the country at this time. Nevertheless, in addition to the cuts the government had already indicated it would make it is now stating that it intends to reduce expenditure by a further $75 million.

The minister also indicated that there will be a freeze on the strength of the civil service. I referred to this in my opening remarks. During the years we have indicated that the personnel of the civil service has been unnecessarily increased. If we had received additional services commensurate with the increase the situation would not have been so bad, but we are convinced that we have not been getting our money's worth from the increase in the number of civil servants.

It seems, that the main recommendation in these proposals is for increased revenue. Under the present traditional system the government has but two sources of income, first, taxation and, second, borrowing. We recognize that the federal government has certain constitutional responsibilities. We are also aware that in order to discharge those constitutional responsibilities the government requires additional revenue.

I believe that one reason for the need for increased revenue on the part of the federal government is that it has insisted on moving into fields of provincial jurisdiction. The result has been that the federal government must now take an increasing share of the tax dollar to meet its commitments in these fields in order to make it appear to the provinces that it is giving the provinces something when all the time it is just returning to the provinces tax revenue that should be theirs, was theirs in the first place and should never have been taken from them.

As I say, under our traditional financing system the federal government has just two sources of income, taxation and borrowing. We are opposed to borrowing because of its ultimate effect upon the national debt. The interest charge on our national debt, as I have indicated, will amount to $1,400 million this year.

The electors of this country have not seen fit to consider alternatives to our traditional financing system. Hence we are faced today with a government in office that is committed to the old outmoded system in many respects. The hands of the government are tied. It is now struggling to meet the situation through policies that have never proven very effective in the past but are the only ones available to the government under the present system. This is one of the factors we have had to take into consideration in reaching our decision.

We believe that the principle of a balanced budget is a good one. I commend the Minister of Trade and Commerce—I believe he is still Minister of Trade and Commerce—for affirming, when he announced he was going to take his departure from public office, his adherence to the principle of a balanced budget and indicating that had he been minister of finance this would have been the effect of his policies. We in this group have always insisted that the principle of a balanced budget is a sound one.

I referred to the fact that the Minister of Finance must take the responsibility for having last year the largest deficit, I believe in Canadian history. I have made reference to our national debt and the interest charges thereon. In making the announcement that the government plans to balance its budget the minister is pursuing the right objective even though some of the means used are open to serious question.

To sum up our position, it is based on the following considerations. First of all, although the unhappy situation in which the nation and the government find themselves is largely of the government's own making, we cannot turn back the clock so we must do what we can to assist in minimizing the effect of the past mistakes of the government.

Second, as I have stated, we have always favoured the principle of balanced budgets. We therefore welcome the government's move to achieve that end by further cuts in government expenditure and by holding the line on increasing the number in the public service. As a result we are prepared to accept the principle of the more widely based surtax as a temporary measure, and we are glad that the government has place in the legislation the limitation that the surtax will apply for not more than a two-year period. Under the other proposal the situation was wide open; the government could have forgotten about the tax and it would have become a permanent feature. There is at least an indication now that at some time we can debate this matter again and that the surtax could not become permanent without the approval of parliament.

Third, Mr. Chairman, a critical situation faces the country, and inasmuch as our monetary system depends to a considerable extent on public confidence we do not want to take any position that would have the effect of further weakening that confidence.

Mr. Alkenbrack: There is no public confidence in this government.

Mr. Patterson: I hear the suggestion that there is no financial crisis or serious financial situation. I think that is open to question. We find indications of it in the responses of important personalities across the country to this proposal. Some people say this is all we can do, some say there is still a lot more to be done, and some are betwixt and between and do not know just what the ultimate effect of the application of these policies is going to be on the national economy. Honestly speaking and facing the issue, I do not think there are too many who know exactly what will be the ultimate effect of these policies.

Our fourth consideration is the fact that we cannot afford a repetition of the debacle of several days ago. Therefore the decision on this matter has to be forthright and clear, and I believe the time has come when every major issue in this house should be approached with the same attitude.

We were quite prepared to oppose Bill No. C-193 and also to oppose the subsequent confidence motion introduced by the Prime Minister. But we do not believe that a perpetuation of a climate of uncertainty and political chaos would be in the interest of the country. Therefore, for these reasons, although the proposed measures are not the most desirable nor would they have been necessary had proper policies been pursued in the past, it is not our intention to oppose the implementation of what, to us, are temporary palliatives.

• (12:40 p.m.)

Mr. Nugent: Mr. Chairman, the subject matter of the resolution we are now considering looks strangely familiar. I thought we had disposed of this government's way of handling the country's finances by the vote on Bill No. C-193. As usual, the government is acting in a strange manner. Talking of strange ways of doing things, may I say that never before in my parliamentary career have I seen parliament treated in the way the Minister of Finance treated it the other day. He introduced his budget resolutions to the television audience of this country with the idea, no doubt, that members of parliament could learn about them from the press if they had not been watching television or listening to radio at the appropriate time. Certainly most members of the house have felt that as members of parliament they are entitled to hear before anybody else does what the government proposes to do. Never before in history has there been an example of such a flagrant denial of responsibility by a government.

This matter concerns every member of parliament since it touches on the rights, duties and privileges of every member. It also touches on the way this institution works. After all, this house is the bastion of our democracy. Our responsibility is to maintain responsible government. Regardless of our party affiliation I believe it is the duty of

every one of us to preserve this institution, and its rights, duties and privileges, unimpaired for future generations. It is doubly important for a minister of the crown to maintain this institution unimpaired. I can only say that when a minister of finance ignores the elected representatives of the people of this country and does not reveal to them first those matters he ought to reveal to them, he and his government are acting most irresponsibly. I hope government supporters will be the first to tell him that is so.

I am taking part in this debate because the question of what is responsible government has now become crystallized as it never has been in any previous debate. Never before has the question of responsible government been so prominent in our minds. I touched on this matter on Monday, February 26. That was after the Prime Minister had made his suggestion. After that the Minister of Justice spoke. That speech, coupled with the actions of the Minister of Finance, shows that the Liberal party and this government deny the concept of responsible government.

The entire question began to be raised in the Prime Minister's statement. In so many words he said that the question of confidence with regard to a major government tax measure only arose because the government was defeated. He denied that inherent in any major tax proposal by the government is a question of confidence, asserting, instead that the defeat had raised that question of confidence. I submit that no government has the right to make that assertion since it negates the principle of responsible government we espouse and which we hope will continue to exist for a long time.

After the Prime Minister's statement I expanded on his ideas and took them to their logical and ridiculous extreme. I said that if the Prime Minister's assertion was correct he had found a method to perpetuate his party in office because it could never be voted out. Even as I was advancing my argument it sounded ridiculous to me; yet it was taken up by the Minister of Justice. Answering a question of mine he said that the government has the right to say whether a question of confidence exists and it has the right to say that before or after a vote is taken. Is there any truth in this assertion? No one will deny that on some minor matter which the government considers important it may say there is a question of confidence; in other words, if the proposal does not carry the government will consider itself defeated.

It must be remembered that the Prime Minister is the adviser to His Excellency the Governor General. The Prime Minister has the right to call an election when he wishes to. He need not be defeated before calling an election because he has the power to do so. On defeat on a minor matter which the government deems to be a question of confidence, naturally it would go to the country.

The foregoing argument does not mean that the government has the right to say that on major questions which have always been matters of confidence. The government cannot do that. A recognition of what constitutes a matter of confidence is the cornerstone of the effective working of responsible government under the British parliamentary system. These remarks apply to Great Britain, Australia, New Zealand, Canada and others. Inherent in the workings of the British parliamentary system is the acknowledgment that any major money bill involves a question of confidence. Notwithstanding that, the Liberal government attempts to say that major money bills are not questions of confidence and that a question of confidence shall arise only when it says it shall, either before or after a vote. We deny that any government has the right to say that a question of confidence is not inherent in any major measure. We deny that this government has the right to say that it can decide if a matter involves confidence after a vote defeating that measure has been taken.

Some hon. Members: Hear, hear.

Mr. Nugent: Not only does this party deny that the Liberal party and the government have the right to say that but we reject it as a policy of this party. It is the policy of this party that a government must accept the responsibility of the inherent question of confidence that exists in every major item of legislation which will have a substantial effect on the country. This is not a case of opting out but of accepting responsibility. The Liberal party is trying to say: We have the right to deny our responsibilities in order to ensure that we stay here forever to enjoy power.

Some hon. Members: Hear, hear.

Mr. Nugent: Now the Minister of Finance says that the present resolution involves a question of confidence. As my leader said the other day, what is the difference between the government's current proposals and those that were defeated? If there is any difference

between them it can only be that this measure is less important than the previous measure since it involves less money.

• (12:50 p.m.)

I do not see how the government can tell us now, and be consistent, that this resolution involves a question of confidence. Such a statement denies the Prime Minister's honesty when he suggested to the house that a question of confidence arises only when the government has been defeated. That is what he told us. He said that the question of confidence even with regard to money matters arose only after the defeat of the government. Now we find the Minister of Finance saying, in connection with a far less important measure, that a question of confidence is involved. This is, of course, consistent with the ridiculous theory put forward by the Minister of Justice to the effect that the government can say either before or after a vote whether or not confidence is involved. I wonder whether, if this motion is defeated, we shall find the government consistent in this position. Not only could they say before or after a vote whether confidence was involved but they would also be able to reverse their opinion after the event. They could say before a vote that confidence was involved and then, if defeated, they could announce that it was not. I believe this question ought to be thoroughly aired because the New Democratic party seems confused about it.

On Monday I pointed out that the resignation of a government defeated on an important measure was a bastion not only of responsible government but of the party system in this country. I made it clear that to deny this concept would be to destroy our party system. But spokesmen for the N.D.P. have taken the position that merely by making a speech they can avoid this difficulty; they have only to make it clear that they are voting against a particular measure rather than voting non-confidence in the government. This, I say, amounts to a denial that the question of confidence is inherent in major tax measures and important pieces of legislation. In taking such an attitude I maintain they are destroying the basis of our system of responsible government and of the party system in Canada.

We are all familiar with the somersaults of the Ralliement de Créditistes in this regard. Plaintively they raise their voices against certain aspects of legislation but at the same time they are fearful of precipitating an election which could wipe them out. They say: We voted against one measure only and we did not vote non-confidence in the government. We have heard something similar from the Social Credit party. A wonderful system has been developed among these parties, the N.D.P., the Ralliement des Créditistes and the Social Credit group, all of whom are anxious to have members in this house but who are fleeing their responsibility on questions of fundamental importance to the country.

Some hon. Members: Hear, hear.

Mr. Nugent: It is my contention, and I speak for our party, that the question of confidence is inherent in every major piece of government legislation, certainly in money bills. There can be no question of defeat on a major piece of legislation without the government being obliged to resign because parliament has voted non-confidence. The situation before us today is simply this: All the other parties in this house have denied that responsible government needs to exist. They have denied their duty as members to uphold a responsible system of government.

I do not believe I am called upon to trace the logical extension and show what this policy means to parliament and to Canada. But perhaps for the sake of some government supporters who are looking a little dismayed or disapproving I should point out that we have enjoyed responsible government for a long time because the government is bound to act in such a way as to please parliament or else parliament can throw it out. This is the essence of responsible government.

It is true a government cannot last longer than five years, but we do not have fixed elections in Canada as they do in the United States where it is not possible to throw out an administration between terms. The essence of our responsible democratic system is that unless a government enjoys the confidence of parliament it can at any time be kicked out of office. This is the control which parliament exercises. The government is now telling us: We deny that principle and we intend to stay in office. The only circumstances in which the Prime Minister would be obliged to advise the Governor General he had lost the confidence of parliament would be after the government had been defeated in parliament on a vote of confidence. There might not necessarily be a vote of confidence after a government has been defeated. There is a choice. The government would always have the best

of both worlds. It could go on for five years but it could also decide, if it felt the climate of opinion was right, to go to the country and call an election whenever it wished to do so. This is not democratic. This is not responsible government.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

[*Translation*]

Mr. Gauthier: Mr. Chairman, I rise on a question of privilege.

My question of privilege concerns the integrity of members of parliament and derives from a statement I just heard on television. It is a piece of news to the effect that the Ralliement Créditiste will support the government.

Mr. Chairman, I believe I was sufficiently clear in my remarks last night and today, when I stated the hon. minister can be sure that we shall fight with all our might against this measure.

Since our coming to this house, we always stood against tax increases, as we are convinced that taxation is not going to solve our problems.

I am told this piece of news was issued by the Canadian Press. I wish to call the attention of the house to this matter, Mr. Chairman, because it is in the interest of all members that the Canadian Press should not change or interpret their statements.

We said we would vote against the measure, because we have always been against income taxes as far as individuals and private companies are concerned and that is why I mentioned that the N.D.P. was happy to see all the private companies being taxed—

The Assistant Deputy Chairman: This is not a question of privilege but rather a difference of opinion.

[*English*]

Mr. Nugent: Mr. Chairman, just before lunch I had outlined the position of the government with respect to the matter now before the committee and the fact that their present situation is that they can perpetuate themselves in office as long as they like. I believe that inherent in the resolution before us is a question of confidence, just as there was in the bill that we defeated. However, playing by their rules the Minister of Finance has now said that there is a question of confidence. I think it is incumbent upon hon. members to make sure they understand what they are voting for, that they are voting confidence in the government when they support this resolution. No matter what party one belongs to, in voting confidence in this government one is voting in favour of the theory that there is no such thing as responsible government.

The Prime Minister and the Minister of Justice have told us the official stand of the Liberal party, that it is up to the government to say when something is a vote of confidence and it can do so either before or after the vote. Therefore there is no way in which they can be defeated in this house against their will. They have made a point of saying this proposal is a confidence matter. I submit that having explained that position to the country they are being as fair and as honest as they know how in making sure that members understand that in voting confidence now they are voting for that kind of democracy which the Liberal party is asking the country to swallow whereby we are going to wipe out the age-old traditions of responsible government and start a new deal under which there will no longer be such a thing as responsible government as we have always known and understood it.

The Liberals tell us in effect that this is a motion of confidence in a party that says it can never be made responsible to the house unless its members so choose and that if they elect to call a matter a vote of confidence they can do so after they are sure they have won the vote. That is the official position of the Liberal party on responsible government. My party rejects it. My party insists that a question of confidence is inherent in every major issue and every major piece of business brought before this house. I suggest that what is involved is not just a case of members of the Liberal party supporting their party. When they vote on this resolution they will be telling the country that they no longer believe in responsible government, that their party comes first before our concept of responsible government, that their party comes before their duty to support the concept of responsible government.

I would not want this opportunity to pass without putting that plainly on the record and making sure it is understood, because I am sure that the Liberal opponent who ran against me in the last election is gong to deny vehemently that his party stands for any such

thing. I am not quoting the suggestions of other people with respect to what the government stands for. I am quoting its official spokesmen. I am quoting the Prime Minister who said the only way confidence arose at all was because of a defeat. I am quoting the Minister of Justice, one of the front-runners in the Liberal leadership race, who says it is entirely up to the government to determine what is a matter of confidence and that they have the right to make the choice after a vote. I am quoting the Minister of Finance who in this case says, "We will make it a vote of confidence," but in this case the resolution does not involve as much money as the last measure which we defeated. In effect he too is saying it is the government's choice which dictates and not the importance of the item under consideration.

I am sure that the Liberal opponents who ran against me, and the ones who will be running against me again if they can find one to run under these circumstances, will be screaming that this is not Liberal party policy and that the Liberals believe in responsible government. How could anyone say that? Not one member from the government benches has risen to deny the position they have taken.

In the face of the official stand taken by the Liberal party on the question of responsibility, I ask anyone to tell me how a future government that does not want to be forced out can be forced out by a vote of parliament if the government has the right to say whenever it likes that a vote is not a vote of confidence or to call it a vote of confidence only after it has won the vote in the house? If this house cannot exercise control in that regard, where do we have responsible government? If we in this chamber surrender the power to get rid of a government that is bad, as our duty demands, then how or where do we have responsible government? I know that the Governor General can act only on the advice of the Prime Minister. Through those very customs and traditions which his party is now trying to tear down the Prime Minister gained the right to be the only adviser to the Governor General, and that on the basis that he has the confidence of parliament. But now the government tells us that parliament can never test that right unless they, the members of the government, feel like it.

I ask hon. members opposite supporting the government to search their consciences and ask themselves if that is how little responsibility they have for democracy, because democracy cannot survive without responsible government. If this house cannot control the government, who will? The answer is no one. What action can we take if we cannot vote them out of office? Hon. members opposite who support the government on this resolution when it comes to a vote will be attesting to their faith in their party, in their need, desire and determination to hold on to power. All of that means ten times as much to them as responsible government, the cornerstone of democracy.

When I suggest that this is the height of irresponsibility I think I am putting the case very mildly. I can remember how responsible they were in opposition when they said they had only one duty, to get the government out of office no matter what. That was at a time when I thought we had a pretty good government. As a matter of fact, when I study the present government and compare it with the one they were voting against then I know we had a wonderful government. But their only consideration was to get into power. Certainly people today could be excused for taking the attitude that no matter what we do in this country we must get rid of this government first. But I point out that first we must protect our institutions. The steps we try to take to get rid of this government must not harm our institutions. I believe that the first duty of most Canadians today would be to instruct their members of parliament to get rid of this government.

• (2:40 p.m.)

We have financial problems in the country today. One might say we are facing a financial crisis. Some suggest that to hold an election at this time is irresponsible and that we should keep the government in office. In view of the way the government has mishandled the financial problems of the country, coupled with its record of fumbling incompetence and stumbling from one error to another, surely one cannot say as a responsible member of parliament that we should leave this government in power. We have had a series of crises in the house, most of them brought on by the inept handling of normal problems by this government. Whenever the government has tried to do something it has done it wrong.

I should like to know what there is about hon. members opposite which weds them to the idea that the Liberal party has the divine right to rule. Why is it so important that this government should be maintained in office when it will not accept responsibility and is willing to sacrifice the bulwark of democracy

in this country for the right to remain in power?

It is my intention to ask every supporter of the Liberal party how he can belong to a party which supports this measure. I intend to ask every supporter of the Liberal party how he can believe that his party is an effective instrument to perform those things that need to be done in the best interests of the country. Every Liberal in this country is going to have to ask himself whether he wants to belong to a party which obviously intends to destroy the responsibility of government. Liberal members must ask themselves whether they want to continue to belong to a party which does not believe in democracy but believes only in retaining power. There are some who believe that benevolent despotism is the finest thing for the country. It has not been good for this country. I have never heard any Liberal who espouses the policy of the present government say anything up to this time that would convince me that the government has acted in the interests of this country. It is very nice to have power, but a party should not adopt the position that it will do anything to retain power at the expense of the country. One must support his own party on the basis that it will serve the best interests of the country and will put that purpose before power.

Mr. Brewin: Mr. Chairman, I wish to deal with a special aspect of the financial problems facing Canada and to put before this committee and the government an alternative to the tax proposals we are discussing, to which the members of this party are opposed for the reasons put forward by the hon. member for Nanaimo-Cowichan-The Islands.

The purpose of the government's financial plans, as I understand them, is to bring its revenues into line with its expenditures and to prevent the inflationary effects of government deficits. This purpose can obviously be achieved by increasing revenues or reducing expenditures. The trouble with increasing revenues, at least in the form that has been put before this committee, is that it will create unemployment and may well stimulate the pressure toward higher prices. The effect of a reduction of government expenditures, if applied indiscriminately, could also create hardships and would decrease productivity if applied to those government services which create conditions leading to increased productivity.

There is a field of conspicuously wasteful expenditure to which I should like to direct the attention of the minister and, so far as I am able, to the attention of the people of Canada. It is a field long regarded as sacrosanct but one which any government must examine seriously if it is to deal effectively with inflationary pressures. I refer to the immense and wasteful expenditure on obsolete defence systems. We are and have been spending a total on defence of $1,600 million per year, and the estimated expenditure for 1967-68 is over $1,700 million.

Let me point out to the committee and the government that included in that $1,700 million are expenditures on defence systems which are completely useless, meet no real threat, and should be discontinued. It is part of the conventional wisdom shared by many members of this house—perhaps we should call it conventional folly—to strain at the gnat of government spending on health services for Eskimos in the far north, for example, and to swallow the camel of immense outlays on defence of dubious utility against remote or even non-existent threats. Indeed, I think we must get away fom the fascination with defence systems which add nothing to our security and yet burden us so that we divert resources from those things urgently needed for economic growth.

Let me illustrate this. Since 1958 Canada has been spending in the neighbourhood of $130 million per year through NORAD on a system of active defence against the supposed manned bomber threat from the U.S.S.R. Total Canadian expenditures to date on NORAD have been, I have no doubt, in excess of $1 billion. The government proposes to continue with this expenditure even though it is clearly and obviously obsolete. When I expressed this view at the committee on external affairs and defence the Minister of National Defence said this was my own personal view. It is indeed my own personal view, but it is also the view held by military and defence experts.

In 1966 Mr. McNamara, the former secretary of defence of the United States, said this, and I commend it to the attention of the government, whose members may not choose to listen at the moment but perhaps will give some attention in the future:

> Our present system for defence against manned bomber attack was designed a decade ago when it was estimated that the Soviets would build a force capable of attacking the United States with many hundreds of long range aircraft. This threat did not develop as estimated.

In other words, Mr. McNamara told us that the threat against which these defences were built did not develop. He said:

> Indeed, the major threat confronting the United States consists of Soviet I.C.B.M.'s and submarine-launched ballistic missile forces.

Later Mr. McNamara said it was abundantly obvious that the anti-bomber defence system was vulnerable to missile attack. I remind the committee that this is what we are spending $130 million per year to support. I suggest it is absolutely clear that if the U.S.S.R. decided, and this is a very big "if", to launch an all-out attack, the only sort of attack that would be conceivable, it could use just a few of the more than 700 I.C.B.M.'s it has to destroy completely our anti-bomber defences.

(2:50 p.m.)

The fact of the matter is that for many years past there has been no defence, and in the foreseeable future there will be no defence, against an all-out air attack except the deterrence of the invulnerable American strategic forces. Indeed, Mr. McNamara and others have made it abundantly clear that however North America and other countries choose to build up their defences by the installation of expensive anti-ballistic missile systems for new anti-bomber defences, the Soviet union could still effectively destroy the United States and Canada even after absorbing the full weight of a United States first strike.

Of course, Mr. Chairman, the reverse is true; the United States could effectively destroy the U.S.S.R. no matter what was the weight of the attack the U.S.S.R. delivered on North America. It is this undoubted, even if grisly situation, this power of mutual destruction that is the real defence until the happier days of the future when nuclear disarmament may become possible. No doubt for this reason a distinguished Canadian soldier, General Simonds, about four years ago told the defence committee that the Russians would have to be crazy to launch an attack of this sort. He went on to add that they were not crazy.

Mr. McNamara, again, speaking not only of the present anti-bomber defences but of contemplated systems said:

> We should be under no illusion that damage-limiting measures, regardless of how extensive they may be, could by themselves change the situation.

The situation to which he referred was that which I have already described, the power of the U.S.S.R. using I.C.B.M.'s and submarine-based missiles to destroy North America even after an all-out first strike by the Americans. This situation makes an anti-bomber defence irrelevant and obsolete, ineffectual and useless; it is unnecessary. The U.S.S.R. has never built up a bomber threat that could deal with North America. They could not launch such an attack without inviting their own destruction. If there is no threat and no means of meeting the threat even if it were real, money spent on it is spent on illusions; it is wasted. Some faint glimmering of this reality appeared in the government ranks when the Minister of Transport was minister of defence and drew up the white paper of 1964, because he told us then that this system would be gradually phased out. But in the meantime the Canadian taxpayer has been paying, as I said, $130 million a year for the upkeep of this obsolete system. Is this a trifle? I wonder why it cannot be looked at?

What of the future? I suspect that we are on the verge of committing ourselves morally if not legally to a continuation and extension of this waste in the future. The government is now negotiating for the continuation of the NORAD agreement which expires, as hon. members will know, in May of this year. NORAD is a treaty, as members of the committee are aware, providing for collaboration and a joint United States-Canadian command over North American air defence. I for one have no objection at all to our co-operating with the United States with regard to North American air defence. I believe that our sovereignty requires us to accept our share of surveillance of North American air space, and this can be better accomplished in co-operation with the United States.

But what else is involved? That is the billion dollar question facing Canada at the moment. I am well aware that legally the renewal of the NORAD treaty does not commit Canada to any particular system or any precise contribution, but can anyone pretend that the renewal of NORAD will not be a moral commitment to continue the present anti-bomber system until a new system is introduced and then to accept a share of any new anti-bomber system that the United States proposes to develop? We are going, under the cover of NORAD if not under its strict terms, to commit ourselves to spending hundreds of millions of dollars on anti-bomber defence.

A great deal is said in this house and elsewhere about Canadian independence. I

believe that if we are to take our independence seriously it is necessary for us to scrutinize carefully any particular joint defence system and to decide for ourselves whether Canada can or should afford to contribute to it. To what new system are we going to be committed? Mr. McNamara's recent statement to the Senate armed services committee outlined the proposed new schemes for North American defence. One part consists of what is called a thin A.B.M. system, in the jargon that they use. This will cost our American friends $5 billion. It is said to be China-oriented. In other words, it is absolutely no defence against U.S.S.R. I.C.B.M.'s. If it were to be expanded into a full A.B.M. system it would cost upwards of $40 billion and it could be quickly offset by an improvement in the offensive capability of the U.S.S.R. In other words, the same degree of insecurity would be purchased at a fantastic cost.

I say, Mr. Chairman, that Canada should not spend a nickel on such a system and I am glad that the government has indicated that for the present, at any rate, it does not intend to take part in this A.B.M. system. I hope no Canadian government will.

Indeed, the very idea of a Chinese-oriented system is a good example of a vastly expensive system into which billions of dollars are poured to meet a military threat that is not real. This is, again, an example of pandering to misguided public opinion created by propaganda from the so-called industrial-military complex.

What is the rest of the new proposal to which we may be asked to commit ourselves, if not under NORAD at least in accordance with NORAD? We are going to be asked to share in the new defence arrangements proposed by Mr. McNamara, the installation of a new airborne warning control system supported by a new group of F-106 interceptors, at an anticipated cost to the United States of $12.30 billion. This new system is an airborne system which can track aircraft at low altitudes great distances from the United States. It has low vulnerability.

• (3:00 p.m.)

I suggest that whatever Canada's decision may be about this type of detection and protection we should not be drawn into outlays for new interceptors. I remind the committee again of the words of Mr. McNamara in discussing this matter:

> No air defence system can provide significant damage-limiting capability against the U.S.S.R. unless accompanied by strong effective A.B.M., a capability which is at present unattainable.

I ask the committee to note the words that no air defence system can provide significant damage-limiting capability unless it is accompanied by a system which is not attainable at the present time. I suggest that expenditures which cannot contribute significantly to Canadian or Unites States security, except on conditions which do not exist, cannot and ought not to be afforded. They are useless waste of money, men and resources. Precisely the same thing could be said about some of our present contributions to NATO. However, I have no time to go into that today.

We are committed for years to come to a tactical nuclear role. Our contribution is not needed in Europe and it has no military significance. The money we are spending on our present role in NATO is a substantial contribution to inflationary pressures. It does not contribute to the security of Canada or anyone else.

I believe no one in this house denies the necessity of spending money to buy security. In the sort of world in which we live a contribution to security and defence is essential. I am not urging that Canada opt out of its contribution to security and defence. A mobile force capable of backing international order can make a decisive and valuable contribution to world stability, and I suspect the need for this will grow rather than diminish. In such a case, defence expenditures are a real insurance premium against real risks. But I do protest against the tragic waste of scarce resources on illusory defences against illusory threats.

It is all very well to say, as some people do, "let us be good fellows. Let us go along with every system propounded by our neighbour to the south. In this way we will buy their good will." I say that the time has come for us to take a long, hard look for ourselves and firmly but politely decline to become partners in expensive and useless proposals. Partnership, yes, but partnership involves independence of judgment and the sharing of agreed and not unreal risks.

It may be argued that the subject I have discussed has little to do with our financial problems. May I remind the house that last night the Minister of Finance himself said that the war in Viet Nam has produced the present world financial crisis. The war in Viet Nam is a product of over-reliance on military solutions. The very same thing applies to the way we use our resources in this country, and in relation to the management of our resources we should eliminate expenditures

which do not make any particular sense. My colleague, the hon. member for New Westminster, has reminded me that the average cost of defence to every Canadian family of four is $360 a year. I suggest this is no trifle.

I urge that the government scrutinize our defence commitments and expenditures with the same rigour it would apply to any other expenditure. I urge the government not to allow our fiscal system and the direction of our resources to be distorted as they have been in the past by defence expenditures which make no sense. If they do not believe they make no sense, I invite them to look at the matter seriously, consult the people who know what they are talking about, and even to read what Mr. McNamara, who has until recently presided over these systems as secretary of defence in the United States, has said. If they look into the facts they will find that, under the conventional myth which we seem to adopt that defence is sacrosanct, we are wasting our resources in this field when they are urgently needed for economic growth. I do not believe we will put our financial affairs into reasonable shape in this country or, indeed, in the world until we stop devoting resources to building up military hardware under conditions where it is never likely to be used, a direction of resources which gives us only insecurity instead of the security we are aiming for.

Mr. Langlois (Mégantic): Mr. Chairman, I do not intend to take too much of the time of the house on this matter. However, I do want to register my opinions concerning the new tax measures which the minister has brought before the house and the opportunity which they afford the government to recover some of its financial losses and to bring in any future measures they may contemplate.

There is one aspect of this whole matter which I should like to make clear, namely, that the Canadian people are wondering what is going on and what it is all about. They are more and more perplexed as the days go by and less and less enlightened about the situation as we try to struggle out of this financial strait-jacket. However, there is one thing of which the people are sure, that they have been following the guide lines set down by successive Canadian governments according to which they should invest in their own country and work as honest, submissive and good-natured citizens. This they have done.

We have stressed upon them the importance of economizing, of constructing homes and of contributing to the building of a great

[Mr. Brewin.]

nation. They have done so on the say-so of the Liberal administration and the preceding Conservative one. However, they woke up to the fact that they have been following the guide lines to the letter and that any mistakes that have been made have originated from this place and not from themselves. A great majority of them have been living on credit and those who have not found themselves without a cent to spare and with very small salaries on which to live. They have no means of counteracting the financial difficulties which beset them and cause them anxiety and insecurity. Yet they also know that they have followed to the letter the guide lines set down by the successive Canadian governments. They know that no one else can be blamed for the mess in which the country finds itself today but those who have their hands in the cookie jar.

What will the government tell the people who are the victims of its financial policies? Canadians are no farther advanced today than they were 30 years ago. In fact they have suffered a set-back. Well, you can fool some of the people all of the time and you can fool all of the people some of the time but you cannot fool all of the people all of the time. I believe this is what we are trying to do. The minister says the government is going to impose a 3 per cent surcharge on income tax for two years. I do not believe it will be for two years any more than I believe there will be a reimbursement of the corporation tax in two years. The government will say the people are used to it and while they will not put on another tax they will leave this surtax as it is. I feel certain that is exactly what is going to happen.

• (3:10 p.m.)

We seem to blame the municipalities, the provincial governments and everyone else for contributing to the high cost of living in this country. However, we forget to look in our own backyard. The minister knows quite well that the 3 per cent surcharge on corporations will affect consumer prices within one or two months after it is imposed. The cost of producing an article is reflected in the selling price of that same article. This is a vicious circle because what you collect on the one hand you have to give on the other in order to try to maintain stability. The surcharge on personal income will have the same effect. The only difference is that salaries go up by the stairway and the cost of living goes up by the escalator. There seems to be an imbalance here.

The Conservatives have criticized these measures but have not given any indication of how they would solve the problem. I just have to look back to 1957 and 1958 and the great visions of that time to realize how, since 1962, they have become the nightmares of the past. In 1959, when the right hon. member for Prince Albert was leading the Conservatives, he used to say that the country had a stable economy. I believe that is the situation today. I believe the financial problems can be blamed on the fact that certain financiers have been itching to speculate. I say that you are to blame for not putting them in their place. We are going to have to face up to this problem.

Last night on a television program a member of the government, a member of the official opposition and I were discussing the new proposals introduced by the Minister of Finance. I was asked exactly where the government could have picked up the revenue lost as a result of the defeat of Bill No. C-193. You do not have to be a wizard to do that. If the public accounts committee had met more often we would have been able to examine expenditures more carefully. I am not criticizing the fact that $400 million in waste or extravagance was found by the Auditor General. This amounts to about 5 per cent of the total expenditures on administration. I believe that every company finds that about 5 per cent or 10 per cent of its budget is being wasted. If we do not check this now, it will not be $400 million next year but $800 million. While we may not be able to regain the money lost we could at least reduce expenditures for the next year.

The Glassco commission did great work and its report cost a lot of money. The report has collected quite a lot of dust up to now. I am convinced if we search through that report we will find many recommendations that have not been implemented. I told one member yesterday that one statement in the Glassco report was that the federal government could save some money on the quality of paper used. The saving could amount to $1.5 million per year. I am quite certain that since the report was tabled there has not been a change in one sheet of paper used by the government. The hon. member for Lapointe and the hon. member for York-Humber during the question period this morning indicated their dissatisfaction with the disposal of certain assets from Expo. The hon. member for Lapointe stated that a loan had been made to Great Britain in 1946 carrying an interest rate of 2.5 per cent. The deferred interest alone on that loan amounts to $85 million. The minister should see if he can collect some of that money instead of choking the Canadian taxpayer.

There is another $100 million in guaranteed reserves in the chartered banks of Canada, which is interest free. The government could collect another $5 million there which would be a help. The federal government is also aware of the hidden reserves in the chartered banks. If they are hidden reserves they are hidden profits, but the minister does not tax them. Can the minister indicate to me any other Canadian corporation that could legally have hidden reserves or profits and not pay income tax on them? Why have sour milk for one and sweetened milk for the other? If we are going to make people contribute to the expense of running the country we should not make one group contribute and allow others to go free. I would not think that the minister has very many alternatives, but if the Auditor General were given additional staff to make investigations perhaps he could find that more than $400 million had been wasted. I ask the minister to tighten things up a little bit and try to stop these leaks.

When the Bank Act was passed last spring the chartered banks were permitted to raise their interest rates on loans from 6 per cent to 7¼ per cent. This affected the cost of living. The argument at that time was that the finance companies were lending more than the chartered banks. I do not believe there has been much change in that respect. I have not seen any finance companies in any great difficulty since then. The only direct result one has been able to ascertain has been that the cost of living has gone up. When someone says that the way to solve the problem of inflation is to have more unemployment in Canada, then I say that is stupid. You will not solve the problem of inflation by having a higher rate of unemployment. The problem will only be solved by having more respect for the Canadian people and the Canadian economy.

• (3:20 p.m.)

We contribute greatly to external aid. This is good if we can afford it. But before we become involved with NATO, NORAD and such organizations or worry about the Chinese in China or Africans in Africa the minister should concern himself with the welfare of Canadians in Canada. He will have his hands full finding solutions to our own problems. This might hurt his campaign a little,

but I think he has a responsibility to the Canadian people. The function of the Canadian government is to take care of the business of Canadians and to solve the problems confronting the country in accordance with the needs and desires of the people. When that is done we can worry about a little external aid. In my opinion we should cut some of our present external aid. The minister should not use the excuse of a critical financial situation to squeeze the taxpayers a little more. The taxpayers are not in a position to be squeezed any more. They are going to start kicking, and I do not blame them.

Some radio commentators have been saying that perhaps le Ralliement is going to support the government on this measure, but as far as I am concerned they had better check their notes again. We have stated very clearly that we are against this tax, as we are against any other form of taxation. In my opinion the vote taken the other day had nothing to do with the tax itself, but so far as members of this party are concerned we are going to oppose this measure brought in by the Minister of Finance and we will continue to oppose such measures. I suggest that these commentators should get their facts correct because they can count on opposition from the members of this group on this vote.

I am trying to indicate to the government that although the minister tells the people to tighten their belts because we have to control inflation, measures such as this, as he knows very well contribute directly to rising costs and to inflation itself. As long as he maintains this attitude inflation will get worse.

The methods we have been using are those of the nineteenth century. They are methods that have led from one disaster to another. Therefore I suggest we should think about changing these methods to see whether or not there are other ways to meet the problems that face us. It seems that the government is reluctant to accept any simple solution, and the reason for this is that the situation today is complicated by their own manoeuvring.

This government reminds me of the scientists of the nineteenth century, which was about the poorest century in the matter of scientific development in the history of the world. For example, if your ideas did not accord with the members of L'Académie des Sciences you could be burnt at the stake. You just had to conform. The same thing applies to this government. They have developed their own spider's web. If somebody offers a simple solution that deals basically with the problem the government will not accept it. They claim that the economists will not approve.

I have my own reservations about economists, Mr. Chairman. There are economists both in the eastern bloc and in the western bloc, but each group of economists has different ideas and solutions for tackling the same problem. In this house there are perhaps half a dozen economists and they do not agree about the same problems. They talk about hypotheses, and I have my own hypothesis in this regard. In the field of medicine doctors, whether they be in the U.S.S.R. or in the United States, tell us that the heart is on the left side of the body. That is a proven fact. But economic theories are as different from each other as black from white. That is why I doubt those theories. We should adopt an orthodox approach to our economic problems. We should just use common sense.

At the present time we are just the tail end of the United States economy as a result of the Viet Nam war. We know that when the President of the United States barks, we wag. Some day we must be independent. We must be able to stand on our own feet, depend on our own people and our own natural resources, and solve our own problems. Instead of being a tail light on an automobile we must be a headlight and see where we are going. When that day comes the Canadian people will have more confidence in the institution of parliament and their elected representatives. But it will not come until we change our methods and cease applying pressure to the Canadian people that they as well as us do not like. On behalf of the people we are going to oppose such pressures.

• (3:30 p.m.)

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I have sympathy for everyone here who has to stay and listen to this debate. I do not feel guilty in rising to speak since I have taken little time of the house since Christmas. The people of my riding sent me here to represent them and to talk on important measures. I believe this is one of those measures they want me to speak on and I intend to do so, no matter how inconvenient that may be for some hon. members.

A couple of mornings ago I heard a newscaster say that the Minister of Finance believed that parliament, after the recent defeat, understood it must act in a responsible manner. As I listened I said to myself, "Responsible to whom? To whom must we be responsible?" By his behaviour in the house

the Minister of Finance has consistently shown that he aspires to act in a manner that is responsible to the financial community of Canada. In other words, his actions and policies have been designed to win the confidence of Canada's financial community, and that is where we in this party part company with the minister and the government in which he is such a shining light.

Those of us who have been sent here have no particular mandate to represent the interests of this country's financial community, nor do we particularly want to win their confidence. We have come here because the people who elected us said, "Canada is rich with resources, technical know-how and men and women of varying ability. Through our government we must plan for these resources and make use of technical and scientific knowledge and skills in such a way that the needs of our people from coast to coast are met."

Surely that sentiment does not represent a pipe-dream? Surely it is not beyond the powers of a government in this country to achieve that dream. If the realization of this dream is proving difficult the reason for the difficulty is fairly plain to see. The financial community, in whose service the Minister of Finance is engaged, has never wanted the government to intervene in private business. Putting it more bluntly and coldly, this country's financial community has never wanted the government to interfere in any sphere where a profit was to be made. The financial community with its ally, the industrial hierarchy, felt it had a mandate to make any profits that were to be made in this country. It felt it had the right even to potential profits, and it felt that it had the right to keep some matters at a standstill until a profit could be made.

From the beginning the financial and industrial communities fought hard and intelligently against any so-called intrusion by government into the private affairs of private citizens. They fought against social security measures and they fought every inch of the way. I know what I am talking about. I was around when the original battle for old age pensions was fought in this chamber. The financial and economic hierarchies of this country have always felt that from their point of view social security legislation is undesirable, and here I am speaking of measures ranging from old age pensions to medicare, family allowances and the like.

While delivering what I hope is the last body blow against medicare, that faithful servant of our financial community, the Minister of Finance, tried to frighten the daylights out of the ordinary taxpayer and the wits out of provincial governments by saying that huge amounts of new money would be needed to finance medicare. Because of such an attitude we have seen conflict arising in this house.

The financial and industrial elite have sedulously resisted every attempt by the government to provide goods and services to the public through public agencies. It has been claimed that private enterprise can provide those services. We claim that only those who can pay for exorbitant profits and prices very much beyond what ordinary people can pay can obtain many of such goods and services. To give modern examples of my meaning let me cite housing and drugs. If the government really wanted to bring competition to the drug industry and drive prices down so that ordinary people could afford prescription drugs, why could it not set up a public corporation to manufacture and distribute drugs? The competition from such a public body would soon drive down the price of prescription drugs. For years Connaught Laboratories have been supplying insulin at cost to those suffering from diabetes and this has been a great boon to those people.

The things I have suggested are not being done because, as the Bible says, you cannot serve two masters at once. This government, ably led by the Minister of Finance, has chosen to serve the masters of the financial and economic communities instead of common people. There is no mystery about the matter. When our economy gets into difficulties our financial and industrial hierarchies say that the people who can least afford to in this country ought to tighten their belts and bear the burden. We talk of the assault on the Canadian dollar. That assault is as nothing compared with the assault the Minister of Finance has made on the health needs of the Canadian people. He was almost successful in having medicare ditched earlier this year.

We were not surprised by the introduction of Bill C-193. It imposed a 5 per cent surtax on income tax across the board and those who were mainly affected were those least able to bear the burden. Many of our people find it impossible to live under decent, modern conditions. A ceiling of $600 on the extra tax was imposed because the minister did not want the people in the higher income brackets

to be hurt. The surtax bore heavily and relentlessly on the wage earners and low income people of this country. We in this party fought that proposal through every stage. We fought it until the measure was defeated not long ago. Now, in addition to asking us to accept other financial measures, the government asks us to accept a cut-back in industrial work.

• (3:40 p.m.)

When members from the west coast went home at Christmas they saw figures showing that the unemployment rate in British Columbia is almost twice the average unemployemnt rate for the rest of Canada. We were told at Christmas that in the various construction establishments on the west coast between 10 per cent and 25 per cent of the workers were unemployed, that in the manufacturing trades a similar percentage was out of work and that in the shipyards between 10 and 50 per cent were unemployed. This is not to be ascribed to seasonal unemployment. It is the direct result of cut-backs in the destroyer conversion program and related work which had been given to the west coast shipyards, or of the withdrawal of large public works in other fields.

Hon. members may have heard the latest example of this cut-back technique which is producing the very ailments that the government is so vocal about trying to cure. They may have heard that at Eskimo Point, a village with a population of roughly 400, the great killer among children, is meningitis, and that last year in a single 12-month period so many children died of this disease that had there been a comparable epidemic in Winnipeg 8,000 children would have died. Yet only a few days ago the government ordered cut-backs in the estimates of the Department of National Health and Welfare directly affecting the Eskimo population and, in consequence, the children of Eskimo Point.

I do not understand why we should suddenly listen when the minister tells us the financial people are concerned about the Canadian dollar and he has to merit their confidence by doing something to save it. Save the Canadian dollar for what? Save the Canadian economy for whom? This is what we want to know. Nobody would be more anxious than we would be to take conservation measures, fiscal and financial, if we could be sure the funds would be used so as to help those among the Canadian people who really need help. The hard fact is that despite all the government has been doing for the last two years, unemployment has increased sharply. It is impossible to visit the ridings of members on the coast without meeting ordinary folk who tell us that their young people fresh out of training or out of school cannot get jobs.

The cost of living continues to increase. True, it went up by only a tenth of a point last month but it has been rising steadily until in January of this year it was 4½ per cent higher than a year ago. The minister referred to housing. He said some improvement was evident. Last year there were 167,000 starts, 22 per cent above the 1966 figure. The hon. gentleman tells us that the minister in charge of housing says there will be 175,000 starts this year. He did not remind us of the figure which the economic council says we must reach if we are to keep ahead, namely, 190,000 housing starts this year. The position is that we are 15,000 starts behind, even accepting the minister's optimistic estimate. So the housing situation does not look very bright either.

Still looking at the housing picture, I point out that the minister said the increase in rents was undoubtedly due in part to higher property taxes, the higher cost of land and increased interest rates. He also said, and I quote his words: "but perhaps it is also because in many places landlords are in a strong bargaining position." Why does the government not do something about ordinary people who find themselves in the hands of landlords who are in a strong position?

An hon. Member: That is a provincial field.

Mrs. MacInnis (Vancouver-Kingsway): What is the use of a government which knows there is a shortage of housing, which admits that rents have increased to some extent because landlords are in a strong bargaining position, but whose members sit comfortably in their padded seats doing nothing to protect people from gouging landlords?

Electors in my riding are much impressed with what they see on television, the prestidigitation of the Minister of Finance—now you see it, now you don't—and the high-sounding language. But when it is all over they want to know when the government intends to do something about the cost of living, when it intends to do something about rents, and when it intends to take action to make decent housing available. They want to know these things. They want to know when the government will make up its mind whether or not to introduce medicare on July 1.

Scarcely a day goes by but I receive in my office letters from people in my riding who suffer from a common ailment. Their income is just not enough to go round, not enough to allow them a modern standard of living. These are people who live on old age pensions. Far from helping them out, the supplementary payment has placed them in a position where they are receiving less than the difference between what their old pension was worth and the rising cost of living. They would much have preferred $100 a month clear by a straight increase in the pension rather than a ceiling of $105 with a means test attached to it. There are veterans in our ridings whose pensions are just enough get them by. Their pensions are adequate to the point of sheer existence, but no more. When their wives, for example, want to go out and work for a few hours as waitresses or in some other occupation, the income allowed them under this new system is cut. The slight improvement in living standards for which they are hoping is denied them at every turn.

This government, and I say it seriously and advisedly, has mastered the art of reducing the living standards of the common people to an extent no previous government has been able to accomplish. Let that epitaph be recorded, because something tells me it will not be long before this government is buried underground and I hope this time it will be in that position for a long, long time.

What are we offered today? The Minister of Finance must have burned a good deal of midnight oil before he brought down this measure. I am under the impression that he, some of his officials and perhaps some of his cabinet colleagues sat down to try to figure out what could be done to draft a measure as close as possible to the bill which was defeated without actually getting ruled out of order or howled down, or both. The question which arose was: How can we draw up a measure which will offer a sop to all the opposition parties so they will vote in its favour and at the same time raise the revenue we need?

• (3:50 p.m.)

One does not have to seek for in this proposal to find the sop intended for the official opposition. The government decided they would offer a freeze on the number presently in the civil service. I do not know if they reckoned with the hon. member for Carleton or not, but probably there are one or two others in the Conservative party who feel a little uneasy about accepting a sop of that kind.

With respect to the N.D.P. they said, "We will offer two sops. We will cut down the amount of tax on individuals and introduce a corporation surtax of 3 per cent. We will give them the prices review board they are asking for. We will give it to them by name but not by actual board, and they will be just dumb enough to take it and think they have got the board they have been seeking." I say to the Minister of Finance that we are not falling for that sort of thing. We like the 3 per cent surtax on ordinary income a little better than the 5 per cent surtax originally proposed, but putting a little equity on top of a great inequitable tax structure is not going to buy us off. It is like putting a clean collar on top of a dirty shirt and hoping your coat will hide the shirt.

Over and over again we have said to the government that if it wants revenues it has been shown how to get them, and not just by us. It paid a great deal of money to get advice from the Carter commission on taxation, which has shown the government where it may collect money from wealthy corporations in the oil, gas and other fields. It has also shown the government how to build a much fairer tax base, taxing according to ability to pay. But the government does not want to get its taxes this way. Until we get the Carter report implemented, until we get equity, we are not going to fall for this kind of thing.

Nor are we going to fall for this review board sop. There are already signs that the minister wishes to bury mention of a prices review board. There is a tremendous reluctance on the part of the government to give us details as to this board. It will be a toothless wonder, just like the Department of Consumer and Corporate Affairs which gives protection only in small things. It gives no protection against rises in the cost of living.

This proposed review board apparently is to be a voluntary body, with representatives from labour and management. It will have no power to deal with the rising cost of living. It is the same as offering a bun to a burglar and hoping he will go away. Of course it is not going to work. The thing which makes it so hard to swallow is that on Wednesday the Minister of Finance said, as reported at page 7336 of *Hansard:*

> It seems quite evident to me that our first priority in economic policy now must be to achieve greater stability in prices and costs.

If the government's first priority is to achieve greater stability in prices and costs,

then I feel sorry for its other priorities. Surely no stability can be achieved by means of a voluntary body which will periodically give advice on prices and wages, and I am certain it will be concerned more with wages than prices.

Surely it is time the minister began to think of acting in a responsible manner to the Canadian community as a whole from coast to coast. We need action on taxation, on the cost of living and on housing. I am pleased to see that the province of Quebec has become fed up waiting for a lead from Ottawa and has passed a rental control measure through its provincial legislature. I hope the other provinces will follow suit.

I hope too that the government will pay attention to the findings of the prairie commission on retailing, which urged a federal investigation. The facts and figures are not wanting. We brought them out in the prices committee. The government knows that excessive profits are being made. It knows that advertising is being used in many ways in which it should not be used.

Why does the government not take action? It knows there is need for action on unemployment. It is no use for members of the government to sit back and say: Let private business take up the slack. In 1932, when we had a really bad depression situation throughout the whole of this continent, members of the Canadian government sat back in padded chairs and hoped that providence or sun spots would do something about it. It took President Roosevelt to go out, get men and materials together and get employment going again. The banks were so grateful that for a little while they kept their mouths shut until he got employment going.

These are the things we need done. Our party is going to oppose this measure not only because it is inequitable but because without action on these other things it is perpetrating a fraud on the Canadian people. We want to see an over-all policy to build prosperity in Canada and we are not going to settle for anything less.

Mr. Sharp: Mr. Chairman, I do not intend to speak at any length. I would like to thank hon. members who have participated in the debate for their comments, and there are one or two points by way of clarification that I would like to make.

The first and most important point that I ought to answer immediately is to be found at page 7401 of *Hansard* for March 7, in the speech of the hon. member for Nanaimo-Cowichan-The Islands when, dealing with the relationships between Canada and the United States, he said:

> In addition to that we are going to help the United States in another curious way. We are going to invest our entire holding of United States dollars, apart from the necessary working balances, in United States government securities which do not constitute a liquid claim on the United States. What does this mean? It means that we are going to help the Americans with their balance of payment program by funnelling back to the United States American dollars which we earn either through exports or through various operations, and placing them in United States government securities which do not constitute a liquid claim on the United States, which will be neutralized, and which will be non-negotiable securities for an undisclosed fixed term.
>
> In return for that, the United States, plus the central banks of Germany and Italy, will provide us with $900 million United States as a stand-by credit. Presumably when our transfer of funds to government securities in the United States reaches a sufficiently high level, we shall draw on this $900 million, and the process will continue indefinitely because this government will not take the fiscal steps that could be taken to get us out of this tangle.

I would like to say to the committee and to the hon. member that there is no connection whatever between the action that the United States took in exempting Canada from the balance of payment restrictions and the credits we arranged with the Export-Import Bank and the other banks in Europe. I would not want to leave on the record the inference that there was, because it might cause some misunderstanding in financial markets. While I know that the financial world reads my speeches, because its members must, I am sure they also pay attention to the speeches of the hon. member for Nanaimo-Cowichan-The Islands, who has some reputation as a financial critic of the government for his party. That was the main point I wanted to make, Mr. Chairman.

• (4:00 p.m.)

I should like to comment on the speech of the Leader of the Opposition who repeated a statement made in this house earlier by the New Democratic party about refundable corporation taxes. Let me repeat what I said were the reasons for refunding that tax now. As recorded at page 4908 of *Hansard* for that date I said:

> Under the law, the payments must be refunded with interest not later than 36 months after they were due, or after they were received if they were late. They could be repaid as much as 18 months earlier if the government so decided. Consequently the amount collected—some $230 million

in all—must be repaid some time between today and June, 1970. Clearly it would be difficult to make repayment in the next few months, but I believe we should not put off the repayment entirely until the last possible date for that would add seriously to the burdens to be faced during the 1969-70 fiscal year. I believe the measure I have proposed in regard to corporation taxes will provide us with enough cash receipts to permit us to repay a substantial amount of the refundable tax during 1968-69.

I was referring of course to bringing forward by two months the payment of corporate taxes and I might add that my hon. friend supported this. The reason we put the other taxes on for two years is that the problems we face are not only problems of this and next year, they are problems of the year following. I have no hesitation in saying that I have not changed my mind about the time of the refunding or repayment of that refundable tax, because I do not want to be building up for 1969-70 the kind of problems that would result. I believe if the Leader of the Opposition would reflect on this he might come to the same conclusion.

Mr. Stanfield: Without taking up too much time I just want to say to the minister that I have reflected on this and have not changed my mind, either.

Mr. Sharp: I thank the Leader of the Opposition for the fact that he has reflected on this. I am sorry he did not come to the same conclusion. Perhaps if he sat where I am and thought in terms of problems in 1969-70 he would have the same view.

I should also like to comment on the point made by the Leader of the Opposition about the so-called board of review. I listened with great interest to the speech made by that hon. gentleman and found myself going through the same sort of arguments he expressed when he was speaking. When he was talking about taxes he made two statements. First of all he said they were inflationary, because they would lead to higher costs or to higher wage demands. On the other hand he said they were deflationary because they would decrease the demand. This is a problem which faces all ministers of finance when they have to decide how to raise revenues. If you look at the present problem, as I am sure the Leader of the Opposition has, you have to see it all in one piece. The Leader of the Opposition suggested that we should only raise the taxes from corporations by speeding up their payments by two months. It seems to me that he thereby placed a great burden upon the review board which he believed might help restrain prices, wages and costs. I suggest to him that if we are going to have successful anti-inflationary policies we must have adequate fiscal and monetary policies to encourage restraint. It seems to me the hon. gentleman places far too great a burden upon the board in encouraging voluntary restraint and thereby endangers its success.

Mr. Howard: Mr. Chairman, I think we have never had an opportunity to make a presentation to cabinet. Perhaps we should take this opportunity to say one word about a vitally important question which has been presented to this Minister of Finance and all his predecessors for the last 12 or 15 years. On each occasion with each cabinet minister there has been a successive intensity of deafness on their part of these problems. The hon. member for Comox-Alberni and the hon. member for Timiskaming are interested in this matter and have referred to it before.

I notice the intense look on the face of the Minister of Finance. I am not directing my remarks to him because he has ignored this matter before. I hope his colleagues in the cabinet will understand this problem and will bring some understanding to the government. The Minister of Finance may not be in his position much longer, for one reason or another.

Let me refer briefly to the necessity of providing some tax relief measures for industrial workers who must buy their own special clothing and equipment, and must maintain two homes in order to earn a living. Without repeating again who these people may be, let me say they are many in number and include loggers on the west coast who face considerable expense in respect of special clothing and must maintain two homes, one at the camp and one where they normally live. This is also true of many construction workers. If there is a persistence on the part of the government to ignore this legitimate plea for equity on the part of these workers, this simply underlines the fact that the government is not interested in providing the equity for these workers.

The Chairman: The question is on the motion by the Minister of Finance. All those in favour of the resolution will please rise. All those against the resolution will please rise.

Resolution (Mr. Sharp) agreed to: Yes, 124; Nays, 101.

• (4:10 p.m.)

The Chairman: Order. I declare the resolution carried. Shall I report the resolution?

An hon. Member: How about another vote?

Mr. Pennell: Mr. Chairman, I was paired. Had I voted I would have voted for the resolution.

Mr. Deputy Speaker: Order. Mr. Tardif of the committee of ways and means reports a certain resolution and requests that they be granted leave to sit again at the next sitting of the house. When shall the report be received? Now?

Some hon. Members: Now.

Mr. Deputy Speaker: Mr. Sharp, seconded by Mr. Benson, moves that the said resolution be now concurred in. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: On division.

Mr. Deputy Speaker: Adopted, on division. When shall the committee have leave to sit again? Next sitting of the house? Agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Mr. Sharp, seconded by Mr. Benson, moves for leave to present a bill based on the said resolution, namely Bill No. C-207, to amend the Income Tax Act. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: On division.

Mr. Deputy Speaker: Adopted, on division. Mr. Sharp, seconded by Mr. Benson, moves that the said bill be now read a first time. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: On division.

Mr. Deputy Speaker: Adopted, on division.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the said bill be read a second time? Next sitting of the house?

Mr. Starr: Never.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Agreed.

Mr. MacEachen: Mr. Speaker, I should like to call item 64, resuming consideration of the motion for the second reading of an act to amend the National Housing Act.

[The Chairman.]

Mr. Starr: Mr. Speaker, we welcome this order of business. Our party would like to expedite this matter today in all its stages, and I hope that the private members hour will be waived in order that we may complete this bill today.

Some hon. Members: Hear, hear.

Mr. McCleave: Tell that to Benson, too, so that he understands.

Mr. Langlois (Mégantic): Mr. Speaker, I agree with this procedure as long as it is specified that if we waive private members hour it will be in order to go through with this legislation and no other, unless specified at the present time.

Mr. Starr: Agreed.

NATIONAL HOUSING ACT

AMENDMENT TO INCREASE RATIOS FOR INSURED LOANS

The house resumed from Monday, February 19, consideration of the motion of Mr. Benson for the second reading of Bill No. C-202, to amend the National Housing Act, 1954.

Mr. Deputy Speaker: The President of the Treasury Board.

Mr. Starr: I hope the minister does not take too much time.

Hon. E. J. Benson (President of the Treasury Board): Mr. Speaker, this is really a very simple bill. I realize that hon. members opposite wish to say some words about housing. They have indicated that they would like to proceed with this bill through all its stages before six o'clock, so I will simply explain that the bill allows for a reduction of the down payment on homes by increasing the 95 per cent limit upon which C.M.H.C. may make loans or guarantee loans from $13,000 to $18,000. Under the maximum loan provision the down payment will be reduced from $2,150 to $900.

The only question that may arise in the minds of some hon. members is why in part (ii) of each of the three subsections we include 70 per cent of the amount by which the lending value exceeds $18,000. The maximum amount to which C.M.H.C. may go is set by order in council. The inclusion of part (ii) in each of the subsections is simply in order that the governor in council may, after consultation with C.M.H.C., decide to increase

the total mortgage which is available under C.M.H.C. Central Mortgage can then do so, and lend or guarantee a loan to the extent of 70 per cent beyond the $18,000 to a new level which could be established in the future.

I hope that members on all sides of the house will support this bill in order that we may at least take this step toward helping to provide more homes for Canadians.

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, we are naturally very pleased that the government has finally acceded to our request to bring this matter before the house. Yesterday I had telephone calls from contractors in various parts of the country asking why the opposition was holding up this bill. I would point out that the Prime Minister (Mr. Pearson) announced at the federal-provincial conference on December 10 or 11, I believe, that this was a proposal of the government, yet it was not until February 14 that the resolution appeared on the order paper. I therefore want to say categorically that not only do we not accept any blame for the delay, but we have urged the government to bring this matter forward; and as our house leader has said, we intend to co-operate by putting the bill through all its stages this day.

Although this is a relatively uncomplicated amendment it does give us an opportunity to deal with a question with regard to which we feel the government is very vulnerable. The minister responsible for housing is not here at the moment, but I hope he will take sufficient interest later to read what we have to say about this matter. Clearly, even on the admission of some hon. members on the other side of the house, the housing policy of this government is in a mess. I quote from the Montreal *Gazette* of February 17. This article bears the headline, "Hellyer Lashes Housing Policy As 'All Wrong' ", and is as follows:

• (4:20 p.m.)

When it comes to housing, the federal government is doing "all the wrong things," transport minister Paul Hellyer said yesterday.

Mr. Hellyer: Mr. Speaker, may I rise on a question of privilege to say that this quotation was slightly out of context. What I said was that governments do all the wrong things and that there was room for improvement in the co-operation between government and industry at all levels. The federal government was not singled out in any way, and I am sure my hon. friend would want to make that correction.

Mr. Chatterton: I am sure that if the minister were honest with himself, he would admit he would have liked to say what the newspaper quoted him as saying. I believe the Secretary of State for External Affairs admitted as much when he made a speech in London a few weeks ago.

As I said, I think the government is vulnerable with respect to its housing policy, but in view of our anxiety to co-operate and to put this legislation through in a hurry, I will reserve the comments I intended to make until the supplementary estimates come before the house.

The one point I want to make is that the resources of this government are so bankrupt that the only thing they can do to improve the housing situation is to reduce down payments. We are completely in favour of this proposal, but I should like to point out that it does not help those Canadians who really need help. I have worked out figures which show that for a person to obtain a loan of $18,000, which is about what is required today to build a house and to pay for the land, he would have to earn at least $8,000 a year.

The fact of the matter is that the provisions of the National Housing Act today are of no value to two thirds of the Canadian wage earners. They are excluded because of the high cost of financing, which is largely a result of the policies of this government. Just to reinforce my argument, may I point out that in 1965, of all N.H.A. loans that were made, only 9 per cent were made to people who earned less than $5,000. In 1966, of all N.H.A. loans made, only 4.8 per cent were made to those with a family income of less than $5,000. Last year, in 1967, only 1.4 per cent of all N.H.A. loans were made to people with a family income of less than $5,000.

Truly, there is a great gap today in the legislation in Canada to provide housing for the average Canadian of average income. I admit that legislation dealing with low rental housing is reasonably good. However, improvements can be made to it, and the time will come when we will improve it.

I think the main fault here lies with the provinces and municipalities. In this respect I give credit to the province of Ontario which has done more than any other province in Canada. But it is the people between that group and those earning more than $8,000 who today cannot be helped by the national housing legislation. I submit this is a problem

to which the government of Canada will have to put its mind. We cannot go on indefinitely providing houses only for those earning an income above $8,000. The time is not far distant when that particular housing market will become saturated. Yet, those people earning less than $8,000 a year cannot qualify for N.H.A. loans simply because under the N.H.A. regulations the gross debt and service charges shall not exceed 7 per cent of their gross income. For a man earning $20,000, the 27 per cent of his income is not too much for housing, but for a man earning $4,000 or $5,000 that 27 per cent of his income is too much for housing.

I should like to quote from the publication called "Municipal Affairs" of February, 1968, published by the Canadian Federation of Mayors and Municipalities, where the following is said:

> The government recently announced a substantial increase in the amount of government funds to be allocated in 1968 to public housing. The public was advised that this larger subsidized rental housing program was being achieved through a reduction in the amount to be available for direct lending to the speculative builder market.
>
> What becomes very apparent as a consequence of these two recent government moves, is that subsidized rental housing or substandard housing will now be the only housing alternatives for many thousands of low and middle-income Canadian families. There can be no doubt about this, for how can a family with an annual income of less than $8,000 hope to finance a twenty-five year mortgage at eight and five eighths per cent, taking into account the current costs of home construction, the cost of land, and the effect of the 11 per cent federal sales tax plus the appropriate provincial sales tax rate on building materials.
>
> On two counts, these alternatives are unsatisfactory. Firstly, the number of public housing units currently available or shortly to become available falls far, far short of even current needs for low-income families, let alone middle-income families. Secondly, the rental rates that apply in public housing schemes are geared to income, and current income/rent schedules disqualify middle-income families from this kind of housing. Simply put, this means that the only solution to the housing problem of many Canadian famiiles is an inordinate level of personal debt.

That comes from a publication of one of the most responsible and well informed organizations in Canada.

As I said before, I will reserve for a later date some of the remarks that I intended to make. I will conclude by saying that we support this measure, and I submit to the fiovernment that the time has come when the maximum amount of loan should also be increased. The recommendation of the Canadian Home Builders Association is that it be increased to $24,000, and it can be done by order in council. I would urge on the minister that he give serious consideration to this.

Although it will not help the group of people whom I have described, earning less than $8,000, it will help a great number of other people. We also have to keep in mind of course that all this money comes from the private sector and none of it comes from the government, therefore I do not think there should be any objection to increasing the amount.

• (4:30 p.m.)

Mr. John Gilbert (Broadview): Mr. Speaker, the members of the New Democratic party give a reluctant support to Bill No. C-202, which merely increases the ratio of loans from $13,000 to $18,000. It is striking example of Mohammed going to the mountain and bringing forth a mouse. The government's assistance is merely a band-aid assistance and does nothing to solve the vital and most critical social problem which we are facing in Canada today. It does nothing to solve the problem of the high cost of housing, the high interest rates and the critical shortage of homes. These are matters which should have first attention from the governments.

We have realized for a long time now that there was a need for a new minister of housing. Since I have been here, the standing committee on housing and urban development has not met once. In view of the serious shortage in housing, one would have thought that this standing committee would have met and come to grips with the problem, and would have invited representatives of the housing industry to express their views with regard to this problem. The former minister in charge of housing travelled across the country on a housing symposium, getting ideas from the housing industry, but he failed to table any of the facts he found or to refer them to the housing committee.

Then we had a federal-provincial conference in December at which little or nothing was accomplished as a result of bringing forth representation from the provinces and the federal government. Housing starts in 1965 numbered 165,000; in 1966, the figure was 134,000 and it appears that in 1967 we will be back to about 160,000. In the light of that record, the government has changed ministers. We in this party were looking forward to some great steps being taken by the new minister because we appreciated his accounting background. We thought he could solve some of the financial problems that are

attendant upon housing. In addition, we thought he had a concern for people.

What has been the record of the new minister thus far? Well, first he introduced this minor change which is contained in Bill No. C-202 to increase the loan ratios on government insured loans. Second, he has given an indication that he will remove the interest ceiling on N.H.A. loans which now stands at 8½ per cent. This is his second approach to the problem. Certainly he must appreciate that, at the moment, conventional loans are 1 per cent above N.H.A. rates. What he is really doing by removing the ceiling is adding to housing costs.

Third, he made a change in the regulations with regard to the locked in provision of mortgages to developers of rental projects in connection with the prepayment of mortgages for as long as 25 years. He also expressed the intention of the government to participate chiefly in public housing, thereby leaving other fields of mortgage financing to conventional lenders. His last endeavour thus far has been a target of 175,000 homes, when in fact the Economic Council of Canada calls for a minimum of 200,000 homes made up of 190,000 new homes and 10,000 to replace older homes.

This is what he has done thus far. None of these measures strikes at the heart of the housing crisis in Canada. These moves indicate a lack of leadership in working with the provinces to assess housing needs and in giving financial assistance to fulfil those needs. There is an indication the government is abandoning the idea to set up an advisory committee on housing and urban development composed of representatives of federal and provincial governments. This idea was not well acccepted by the federal-provincial conference. The premiers of the different provinces, however, indicated the necessity for the heads of housing authorities to meet on a regular basis with the minister responsible for housing.

These measures indicate the government's dependence on institutional lenders to finance home building in Canada, in spite of their performance in the last four years. Incidentally these lenders, after having restricted their investments in housing, after having directed their moneys into shopping centres, luxury hotels and apartments, and in some cases after having transferred some of their moneys to the United States to be invested in United States equities, have now succeeded in telling the government this: If you give us a higher interest rate and restrict yourself to public housing we will invest the savings of the Canadian people in housing. This is the price we have to pay. This is the accepted approach by the government to solve the problems of housing.

I should like now to direct my attention to the changes brought about by the legislation proposed by the government. What does this legislation do? It will probably benefit the would-be home owner in the small urban centre where the cost of a new house would likely be between $13,000 and $19,000. The change in the loan ratio would make a difference I suggest of $1,500 in the value of the loan. This is just like giving a peanut to a starving elephant.

These are the only people the proposed changes will help. However, these people need help and the government has placed us in the position of having to approve this legislation. Second, the government has given a clear indication of its approach to housing. It has said it will participate only in public housing and will leave to the lending institutions the problem of financing housing in Canada. These are the only two things this legislation accomplishes.

What it does not do, Mr. Speaker, is that it does not help the people who live in the large urban centres where values sometimes range over $25,000. At this price, the gap between the mortgage loan of $18,000 and $25,000 or more is too great. The buyer with a small down payment is forced into secondary financing at interest rates of 12 per cent or 15 per cent. For example, Mr. Speaker, the average price of a single dwelling house in metro Toronto as of January 31, 1968, was $34,869. This represents an increase of $5,200 in one year. Three years ago, the average price was $21,914. We are faced with inflation in astronomical proportions. Any decision to lower the ratios here does not help the buyer in large urban centres.

Second, this legislation does not help to reduce land costs. In Toronto a 50 foot lot costs at least $10,000. Land costs there are the highest in North America and have increased by 500 per cent in the last ten years. I might say, Mr. Speaker, that this condition prevails right across Canada. The Ontario government collected land for Bramalea at a cost of $6,800 per lot and then marked those lots to $9,000 plus. This indicates that even the Ontario government is taking little or no action to limit increases in the cost of land.

This legislation does nothing to increase the supply of houses. In 1965 we had 165,000 starts; in 1966, the figure was 134,000; in 1967 it was 160,000 and in 1968 the projected figure is 175,000. As I pointed out, the Economic Council of Canada states that 200,000 homes should be the minimum target for housing, 190,000 new homes and 10,000 for the replacement of older homes. If we accept the target of the new minister, we will still fall far short of the requirement for new houses in Canada. When you think of the shortage created by the difference between 134,000 and 190,000 in 1961 and a shortage of 30,000 in 1967, you realize that we would have to build between 250,000 and 300,000 homes to begin to catch up with the housing shortage in Canada.

This legislation does nothing to bring down the high interest rates under the National Housing Act, rates that have ranged in the last ten years from 5½ per cent to 8⅝ per cent. The rates on conventional mortgages have ranged from 6 per cent to 9.5 per cent. As was pointed out by the previous speaker, to qualify for the maximum loan of $18,000 an applicant must have an income of at least $8,400 per year. On other occasions I have pointed out that $18,000 at 8⅝ per cent will give a total of $45,000 before the mortgage is paid up. Is it any wonder, Mr. Speaker, that the average family writes off the possibility of owning a home under these circumstances?

• (4:40 p.m.)

This legislation does nothing to bring down the cost of a home. No mention is made by the minister of any steps that he might take to do away with the federal sales tax of 11 per cent. The minister probably attended the federal-provincial conference and heard the recommendations of the different provinces to the effect that elimination of the 11 per cent federal sales tax would probably be followed by the elimination of the 5 per cent provincial sales tax. The money saved thereby could go toward the down payment on a home. However, the minister has done nothing to bring this about.

The legislation does nothing to assist persons to build homes under a co-operative scheme. The maritimes and Newfoundland delegates to the federal-provincial conference were practically scoffed at when they suggested that people should be helped to build homes under a co-operative scheme. This appears to be the approach of people in the maritimes and in Newfoundland to solving the critical housing problem in that area of Canada and they should be assisted by their government.

The legislation also does nothing to assist the construction of shell housing, another recommendation made by provincial representatives at the conference. Many people would like assistance to enable them to build the foundations and walls of a shell home by means of a government mortgage, using their own savings to complete the home. But nothing has been said by the minister about shell housing, which would also help solve the critical housing shortage.

The legislation does nothing to assist people who have to pay high rentals and are given no protection. This is why we in the New Democratic party are bitterly disappointed at the approach of the new minister of housing to the serious housing problem today. We give only reluctant support to this small measure that has been brought forward.

The minister might well say that the New Democratic party should put forward some corrective measures. We would do so, Mr. Speaker. The first thing we would do would be to make available at least $1.5 billion to finance new housing in Canada. When one realizes that we have spent $2 billion—which is $2,000 million—on defence and it looks as though this year the amount for housing will be considerably below that spent last year, one is bitterly disappointed at the approach of the minister toward this problem.

Second, Mr. Speaker, we would limit N.H.A. interest rates to 5 per cent. We would subsidize the difference between this and the current chargeable rate on homes up to at least $25,000 in value. This is an approach which would cut the cost of the home. The cost to the government would be minimal and the savings to the average home owner would be of great help.

Third, Mr. Speaker, we would enact a tenants bill of rights which would give them some protection against the treatment now being accorded them by landlords in large centres. The minister might argue that this is a matter for the provinces. If he does I think he should be reminded that he should work with the provinces to develop this code, and that he should accept the advice given at the federal-provincial conference constantly to work together with representatives of the housing authorities to bring this about.

Fourth, we would set a minimum target of at least 200,000 homes a year. This would be

an attempt to solve the critical housing crisis we are facing today. We would also encourage limited dividend housing for senior citizens by increasing the mortgage available to 95 per cent of the value of the home. This area has been neglected during the past few years and it is about time that the government took some initiative to encourage this sort of housing.

Mr. Schreyer: And not only in Montreal and Toronto.

Mr. Gilbert: My colleague reminds me that this type of housing should be available not only in big cities such as Montreal and Toronto, but also in small towns and villages.

We think the government should participate more fully in public housing by increasing the mortgage ratio from the present 75-25 per cent ratio to a 90-10 per cent ratio. This recommendation was made by representatives at the federal-provincial conference. It is about time that the minister took immediate action to solve the problem of public housing. One cannot expect a municipality to participate on the basis of a ratio of 75-25 per cent. Not only is the ratio too high but they have other requirements, such as building schools and recreational and other facilities. We also feel that the public housing subsidy should be tied to income rather than to the present formula of 50-50.

The present 75-25 per cent ratio to a 90-10 per cent ratio.

We would also encourage, Mr. Speaker, massive purchases of land. This was a recommendation made by the Prime Minister (Mr. Pearson) in his statement to the federal-provincial conference. This action must be taken by federal and provincial governments in order to bring down the high cost of land.

Finally, Mr. Speaker, we would also increase home improvement loans. The record of home improvement loans in the last few years indicates that these loans have been declining. The reason has been that people have not felt inclined to borrow money from the banks under the Home Improvement Loans Act. It may be that some arrangement could be made with the municipalities whereby home owners borrow money for improvement purposes and add the repayments to their tax payments each year. It is fairly obvious that under the present home improvement scheme, with the banks administering and financing the land, things have not worked. I suggest the minister give close study to some arrangement between the municipalities and the government under which money made available to the municipalities could be lent to home owners to improve their homes, the repayments being added to their tax.

These are some of the corrective measures that we would take, Mr. Speaker. We hope the "band-aid approach" of the new minister will be altered and that he will apply his mind and his energy to solving the critical housing shortage in Canada. If he does, he will probably make a name for himself in the cabinet and across the country. If he does not, then the minister will fall into the political wastebasket that so many other cabinet ministers have fallen into when it comes to solving the housing crisis in Canada.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I would like also to say a few words about that bill which I support with some reluctance, without however being against an increase in the loans made or guaranteed by Central Mortgage and Housing Corporation. I feel that this increase to $18,000 was needed, because houses costs more and more to build and rents keep going up.

In my opinion, it is mostly for that reason that the minister agreed to introduce that amendment to the National Housing Act, but at the same time that justifies the criticism directed at the present government in the last few years by the Canadian public, the contractors and the eventual homeowners.

We notice a steady increase in the cost of houses, building materials and, consequently, rents. Housing is the main factor responsible for the increase in the price index, in the cost of living index. We have just completed a debate on that subject, and the rise in the cost of living has forced the government to take a position which, in my opinion, will not solve the problem. The Minister of Finance (Mr. Sharp) saw no other solution to fight inflation, and the increase in the cost of construction comes precisely into that price index which compels the government to take action and stabilize prices.

Therefore, Mr. Speaker, I should like to analyse briefly the causes that contributed to rent increases.

One of the most important is precisely that 11 per cent tax on building materials which seems even more significant than it appears. When an individual has a house built or purchases materials to improve the one he

already owns, in most cases, he has to get a mortgage from an approved lender of the Central Mortage and Housing Corporation. He must also borrow the 11 per cent tax on building materials for his house. Now, the interest on that loan has reached 8⅝ per cent. This also means that the individual who decides to make repairs to his house will have to pay during 25 or 30 years an interest of 8⅝ per cent on the 11 per cent levied on building materials.

• (4:50 p.m.)

There is also another important fact and those who live in Quebec are aware of it. We also have in the province of Quebec an 8 per cent sales tax which is added to the federal tax, because it is computed when the amount of the federal tax of 11 per cent has been established. This means a 20 or 21 per cent tax on building materials on which an individual will have to pay 8⅝ per cent interest. Therefore, this is a scandalous item which increases considerably the cost of housing. I contend that, by removing that tax as was done a few years ago, we would considerably reduce the cost of housing and the minister would not have to put before us this amendment to-day.

In housing, the increase of municipal taxes, and mainly school taxes, must also be taken into consideration. As far as the province of Quebec is concerned—I do not know exactly what happens in the other provinces—school taxes increase at a rapid pace and there is no way of stopping it, at least at the present time. Taxes increase the cost of housing and prevent the average wage-earners from becoming homeowners. Some have made great sacrifices to make the down payment on the purchase of a house; they have paid their monthly instalments during a few years and if they are out of work for the shortest period on account of sickness, accident or other circumstances, they find themselves in an unbearable situation, and they are often forced to give back the house for which they have remitted $8,000, $15,000 or $20,000, because they cannot meet their payments.

Mr. Speaker, as I see it, we have the right to expect from the government a better housing policy, because it is becoming increasingly difficult for those in the middle income bracket to purchase a home. That is why many people are undecided when the time comes to decide whether they should purchase a home or resign themselves to living in accommodation that belongs to others. One wonders if they are not right in deciding to continue renting, because homeowners, in addition to what I mentioned a while ago, must take fire coverage and pay premiums which keep growing from year to year, and also attend to the maintenance of the house, to keep it in good condition.

And so, one realizes that today it is almost as costly to own a home as to rent one.

I think that the minister and the government should consider ordering as soon as possible a complete revision of the National Housing Act, for the benefit of both owners and tenants.

This amendment to the present act will certainly help some potential owners by allowing them to borrow more money, since the price of houses is going up. But even this will not solve their problems, far from it. It is perhaps a temporary solution but, sooner or later, these people will encounter even greater difficulties.

I admit frankly, Mr. Speaker, that I will vote in favour of the amendment proposed in the present bill.

I would have much preferred the minister responsible for Central Mortgage and Housing Corporation to suggest another way to make things easier for those who want to own their home.

[*English*]

Mr. Speaker: Order, please. Is it the wish of the house to proceed with private members hour at this time?

Mr. Benson: I believe there was general agreement that we should continue with the legislation, get it through, and then perhaps revert to private members business.

Mr. Peters: If we continue with this business and then call it six o'clock, that will be all right; but not the other way around.

Mr. Benson: Could we complete this business and then call it six o'clock?

Mr. Speaker: Is it so ordered and agreed?

Mr. Starr: Agreed.

LABOUR RELATIONS

MARITIME UNION TRUSTEES—PRESENTATION OF FINAL REPORT

Hon. J. R. Nicholson (Minister of Labour): In rising at this time before other business is called I beg the indulgence of the house to ask

for unanimous consent to revert to motions so that I may table the final report of the board of maritime trustees. I thought hon. members of the house would like to have it with them over the week end. I have arranged for distribution of the report. Technically, it should be tabled in the house before being distributed.

Mr. Starr: Mr. Speaker, could we not leave the matter until Monday, on motions?

• (5:00 p.m.)

Mr. Nicholson: I am suggesting it because there is nothing further to be said on the subject and I should like to distribute it over the week end when it might be put in the mail boxes.

Mr. Starr: Very well.

Mr. Speaker: Is it agreed that we revert to motions to allow the minister to table the document to which he referred?

Mr. Lewis: Without a word.

Some hon. Members: Agreed.

Mr. Speaker: Does the minister have leave to table the document?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Knowles: Could the leader of the house take advantage of this moment of interruption to tell us what the business will be for next week?

Mr. MacEachen: On Monday we shall take the second reading of the tax bill, and the committee stage. We would then continue with supplementary estimates and interim supply.

Mr. Knowles: What about third reading? Monday night?

Some hon. Members: Oh, oh.

NATIONAL HOUSING ACT

AMENDMENT TO INCREASE RATIOS FOR INSURED LOANS

The house resumed consideration of the motion of Mr. Benson for the second reading of Bill No. C-202, to amend the National Housing Act, 1954.

Mr. Bert Leboe (Cariboo): I shall detain the house for only a few moments because I do not consider that this simple amendment is a suitable occasion for a long speech on housing. We agree with the proposal which stipulates an increase in the amount available for mortgages and we shall support the move in this direction. I should like to leave one or two thoughts with the minister. I think it is time we all came to the conclusion, as we in the Social Credit party did many years ago, that financing in connection with housing should not be in competition with financing for industry. Industry can pass on its finance charges to the consumer, and this being the case it is in a much better position to bargain for finance than are people building houses. The purchaser of a home is simply buying a bill of expenses from the time he does so until he disposes of it. The home owner is therefore at a distinct disadvantage.

Surely we should reach the conclusion very quickly that funds for housing ought to be quite separate from any funds available to industry. In recognition of the special position of home owners and the value of home ownership, British Columbia many years ago instituted a home owners grant. It started out as a very small sum, $25 I believe for each home owner. Today it is $120—$130, my hon. friend tells me. The first $130 of an individual home owners taxes are paid by the provincial government.

It would be wise, in my view, to take the position adopted by the Social Credit party before the committee on banking and finance back in 1954, and set up a proper revolving fund to handle the needs of the housing industry. I think this would go a long way toward solving our housing problems. The money should be made available to home owners at the cost of operating the account and there should be no relation whatever between the interest rate charged and the rate charged for commercial loans. We believe the account could be handled with a rate in the neighbourhood of 2½ per cent. Not only would we have a fund operating at a low interest rate, but we would be in the happy position of administering a fund which remained at a constant figure.

We have seen interest rates rise to astronomical heights—and not one more house has been built as a result. May I urge the government and the minister to take a good look at the possibility of setting up a revolving fund which would not be in competition with industry and which would be operated at the cost of handling the account quite distinct from prevailing commercial interest rates.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

On clause 1—

Mr. Chatterton: Could the minister explain to the committee at what point after royal assent this new low down payment will apply in the processing of applications?

Mr. Benson: We shall apply it as soon as we possibly can after royal assent. There always is difficulty in sorting out applications as to which are in time, and which are not. Now that the bill has passed second reading, and we hope it will shortly pass through parliament, we shall try to set a date as soon as possible after the legislation becomes effective.

Mr. Chatterton: That is not quite the point I was trying to make. The applicable date will of course be immediately after royal assent. The contractors are anxious to know at what stage in the processing of applications the low down payment will apply. If the minister is not able to give us this information now, perhaps he will issue a statement as soon as possible after royal assent.

Mr. Benson: I have discussed this matter with the officials of the Central Mortgage and Housing Corporation and they have it under consideration. There always is a difficulty in connection with the exact time, when something is done in stages, but I will undertake to issue a statement in this connection at the earliest opportunity.

Mr. Chatterton: I know that a change of this type always creates difficulties. May I suggest that when a decision has been made as to the point at which the decision will apply, the hon. gentleman leave room for an appeal to the minister. I have found there are always special cases in which special consideration is required.

Mr. Benson: I should like to assure the hon. member that as long as I am minister anyone may appeal to me at any time when it appears he is being unfairly treated under legislation for which I am responsible.

• (5:10 p.m.)

Mr. Enns: That gives rise to another question. The minister says this will be so, as long as he is minister. There may be an imminent change in government, and without reflecting on the abilities of the minister may I ask whether this will be written into the regulations?

Mr. Benson: Mr. Chairman, I will bring these representations to the attention of the officials of C.M.H.C., who want to administer this fairly, and I will make sure regulations are drawn up so that we will know the exact time of the cut-off. I will even show my hon. friend a copy of them before we publish them.

Mr. Gilbert: Would the minister give us some details with regard to the differences in loan ratios? I understand the difference at best is only $1,500. I would like the minister to give us a few examples of how these changes would affect a mortgage loan.

Mr. Benson: Mr. Chairman, I do not think I can be expected to make calculations in committee, but this means that on mortgages up to $18,000 we will be able to lend 95 per cent of the mortgage value. The previous level was $13,000, so the great benefit is in the area between $13,000 and $18,000.

Mr. Alkenbrack: May I ask the minister if this applies to new housing only?

Mr. Benson: Yes, Mr. Chairman, this is for new housing.

Mr. Gilbert: Can the minister give us some details of the anticipated amount of money the government will be spending on housing this year as compared with last year?

Mr. Benson: I do not have those figures in front of me. My hon. friend knows that we are concentrating on certain areas such as public housing, urban renewal, sewage, student residences, homes for the aged and limited dividend housing. I should point out to my hon. friend that we have had a great many applications for limited dividend housing projects, probably more than we will be able to facilitate this year.

We are looking into these applications and we will make sure that the projects are spread across the country. They will not all go to Toronto and Montreal, as someone suggested earlier. The total amount of money that we are making available in these areas is in the neighbourhood of $650 million. Present indications are that housing starts this year will reach the 175,000 level, that is, basic residences, rental residences and dwellings. On top of this we anticipate that there will be another 10,000 or 12,000 units covering university residences for married couples and single persons, and hostel accommodation for

elderly people. From this point of view and at this time, this year looks as though it will be pretty good for housing. But that does not solve all the problems.

If we were going into a lengthy debate I would like to deal with some of the ideas that my hon. friend has raised. I am also informed that we will be able to reach the economic council's objective of 585,000 homes to be built over the next three years. I think we can do this, but as I said earlier, this would not solve all the housing problem. It would not solve the main problem, the one I am particularly concerned with, and that is how we provide a house for the fellow earning between $5,000 and $7,000 a year. I have given my ideas on this subject when speaking outside the house, and I look forward to mentioning them in the house on a future occasion.

Mr. Chatterton: Can the minister assure us that the $75 million reduction to which the Minister of Finance has referred will not come from money that is to be spent on public housing?

Mr. Benson: None of this will come out of public housing.

Mr. Germa: Mr. Chairman, I was interested in the minister's statement that there had been an increase in applications for limited dividend housing. Are these applications coming from the private sector or from non-profit organizations?

Mr. Benson: These are mainly coming from the private side. A limited dividend corporation is a separate corporation created to build housing units for rental purposes, on which the returns to the owners of the corporation are limited to 5 per cent. There are certain tax advantages in them, and they are mainly built by people who are in the contracting business or housing rental business.

There is no limit on the funds we have available for organizations that want to build low rental homes for the elderly. We anticipate we will have all the necessary funds available for this kind of housing this year, and we also think that in the public housing field our funds will be quite adequate.

Mr. Chatterton: Will this apply to student housing also? There will be enough money to cover any applications that come in?

Mr. Benson: I think there will be no problem. I base my estimates on the forecasts given me by the officials of C.M.H.C., and they foresee no difficulty.

Mr. Gilbert: Would the minister tell us if the government has abandoned the idea of setting up a federal-provincial council on housing and urban development?

Mr. Benson: Mr. Chairman, I would like to indicate that this idea has not been abandoned; but I have not been the minister responsible for housing for too long a period of time. This is one of the things I have been considering with the officials of C.M.H.C. and with my advisers.

Mr. Enns: Mr. Chairman, the minister spoke about not wanting to make detailed calculations on how this legislation would apply to specific cases, and we can appreciate this. However, I think it should be pointed out that although additional moneys will help substantially to improve the housing situation, the average citizen will still encounter difficulty in view of current high interest rates.

Payment of interest and principal on a $14,000 loan over a 25 year period at 6 per cent would be $89.85 monthly, which is a reasonable payment for accommodation. At 7 per cent this rises to $98.06. At 8 per cent it rises to $106.85, and at 9 per cent, which is the rate at which we are selling money at present, it rises to $115.92, which in many cases is more than 25 per cent of a person's income.

Mr. Germa: I wish to ask another question concerning limited dividend housing. I think it is pretty well known that limited dividend housing fell on its head because of certain indiscreet acts by the private sector a few years ago, whereby these projects were abandoned because private individuals tried to maximize their profits through various nefarious means. Has the minister anything to offer which will guarantee that the same situation will not happen again?

Mr. Benson: Mr. Chairman, we are looking very carefully at the applicants for limited divided housing construction. We are trying to assure in every way that the C.M.H.C. can be certain there will be none of this business of building a limited dividend project, getting your profit out, and leaving it. We will do our utmost to avoid this, and my officials assure me that they believe they can avoid it under present circumstances.

• (5:20 p.m.)

Mr. Gilbert: In view of the intended amendment in respect of the change to the

loan ratio of mortgages, does the minister intend changing the ratio from that under the N.H.A.?

Mr. Benson: That is not proposed in this particular piece of legislation. I should like to assure my hon. friend that this is under consideration at the present time, and that when I bring in some more comprehensive changes to the National Housing Act, I hope during the next session of parliament, consideration will be given to this matter.

Clause agreed to.

Title agreed to.

The Chairman: Shall I report the bill.

Some hon. Members: On division.

Bill reported and read the third time and passed.

Mr. Deputy Speaker: Do I understand there was some prior agreement to adjourn when this particular item was completed?

Mr. Knowles: Vous avez raison.

Mr. Benson: I believe it was agreed that when we finished this piece of legislation we would call it six o'clock.

It being twenty five minutes after five o'clock, by unanimous consent Mr. Speaker adjourned the house, without question put.

HOUSE OF COMMONS

Monday, March 11, 1968

The house met at 2.30 p.m.

[*Translation*]

VACANCY

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, pursuant to section 10 of the House of Commons Act, I wish to give notice that a vacancy occurred in the representation in the House of Commons of the electoral district of Saint-Jacques, Montreal, in the province of Quebec, as a result of the death of Mr. Maurice Rinfret, former member for the said district.

PRIVILEGE

MR. CHRÉTIEN—CORRECTION OF FIGURES STATED IN TELEVISION INTERVIEW

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker, I rise on a question of privilege.

Last night, interviewed by journalists on television, I gave an approximate figure in answer to a question about the amount of reserves held by Canada. Trusting my memory, I made a mistake. The only figure I know is the one given by the Minister of Finance on February 29 last, namely that our reserves approximate to $2.49 billion.

[*English*]

THE MINISTRY

ANNOUNCEMENT OF RESIGNATION OF PRIVY COUNCIL PRESIDENT

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would like to announce the resignation from the cabinet of the President of the Privy Council, Hon. W. L. Gordon, in accordance with the request he made to me some weeks ago and which I accepted, with both personal and official regret, as of March 11, 1968.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC RELATIONS SERVICE, JUSTICE DEPARTMENT

Question No. 598—**Mr. Woolliams:**

1. (a) For each of the years 1964 to 1967 inclusive, how many persons were employed from time-to-time in the information and/or public relations services of the Department of Justice (b) what position has been and is now held by each such employee, for what period and at what salary or remuneration?

2. (a) For each of the years 1964 to 1967 inclusive, what persons, firms or corporations, if any, other than the departmental information services or public relations division, have been employed and/or retained for the purpose of preparing, disseminating or in any manner dealing with the information services and/or public relations of the Department of Justice (b) what are the names of such persons, firms and corporations, if any; for what purpose and period was the employment and what was the cost in each instance (c) were public tenders called for the services described in (a) and (b) and, if not, upon what basis and by whom was the selection made?

3. (a) For each of the years 1964 to 1967 inclusive, how many press releases have been prepared for or on behalf of the department and/or the Minister of Justice; by whom were the same prepared and at what cost (b) for each of the years 1964 to 1967 inclusive, what radio and television time has been purchased by the Department of Justice; for what purpose and for what cost (c) for each of the years 1964 to 1967 inclusive, what advertising or other space was purchased in domestic and foreign newspapers, magazines and other publications; for what purpose and for what cost?

4. For each of the years 1964 to 1967 inclusive, what was the cost of travel of the Minister of Justice and his staff and of any of the personnel described in parts 1 and 2 above; what trips were undertaken and for what purpose?

5. For each of the years 1964 to 1967 inclusive, what advertising or any other related contracts have been awarded by the Department of Justice; to whom were the same awarded, for what purpose and for what cost; were public tenders called in each instance and, if not, upon what basis and by whom was the contract awarded?

6. Does the Department of Justice maintain and/or operate any office located elsewhere than in Ottawa for the purpose, in whole or in part, of promoting the public relations of the department and/or the Minister of Justice, and if so, where are such offices located; what is the cost of the maintenance and operation of such offices; how many are employed in each such office and at what salary or remuneration in each case?

Hon. P.-E. Trudeau (Minister of Justice):

1. (a) None. (b) Not applicable.

2. (a) None. (b) Not applicable. (c) Not applicable.

3. (a) None. All press releases were prepared by departmental and ministerial personnel. (b) None. (c) None.

Questions

4. For the Ministers of Justice and staff, the following amounts were paid with respect to travelling expenses for the fiscal years shown below: 1964-65, $8,729.33; 1965-66, $6,724.07; 1966-67, $2,316.86; 1967 to Oct. 31, $1,530.17.

All travelling was on government business. No record is maintained of the purpose of the individual trips.

5. None.

6. No.

Note: Since the Royal Canadian Mounted Police, Canadian Penitentiary Service, National Parole Board, investigation and research (Combines Investigation Act) and bankruptcy branch no longer fall within the administrative responsibility of the Minister of Justice, the information supplied above does not include information respecting these services.

*C.B.C. COVERAGE OF EXPO AND PAN-AMERICAN GAMES

Question No. 693—**Mr. McIntosh:**

1. What were the total direct and indirect costs of the C.B.C. preparations and coverage of the Pan American games in Winnipeg, Manitoba?

2. What personnel, facilities and equipment from C.B.C. maritime region were made available to assist in the C.B.C.'s network and local coverage of the Pan American games in Winnipeg?

3. How many days in advance of the opening of the Pan American games in Winnipeg were personnel from the C.B.C. maritime region authorized to proceed to Winnipeg?

4. Has the C.B.C. purchased any equipment since January 1, 1966 from funds specifically designated for centennial productions or centennial coverage?

5. (a) What was the estimated capital cost by the C.B.C. for its structure and facilities at the Expo site (b) what are the actual expenditures to date (c) what are the actual direct and indirect expenditures to date by the C.B.C. for the operation, administration, maintenance and production costs of its broadcasting centre at the Expo site?

6. Is the C.B.C. or any agency of the government undertaking any studies or investigations related directly to expenditures made by the C.B.C. leading to the construction of new buildings in Montreal, Toronto and Vancouver?

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, since the answer to this question covers a page and a half, I would ask that it be considered as read and printed in *Hansard*.

Mr. Speaker: Agreed?

Some hon. Members: Agreed.

Mr. Béchard: I am informed by the C.B.C. as follows: 1. The C.B.C. was host broadcaster and exclusive production agent for the Pan American Games. As such, it was required to assume responsibility for not only television and radio of all athletic events, many of which occurred simultaneously and at widely scattered venues, during the period of the games. The C.B.C. was also required to provide production facilities and staff assistance to foreign broadcasters. This work resulted in the production of 62 hours of television programming to Canada, United States and Mexico in English, French and Spanish; and of 233 hours of radio in many languages to all of the Americas, the Caribbean and parts of Europe and Africa. The financial requirements of so doing were as follows: direct costs of production—$587,000; the use of staff and other regular overhead items when applied to the games on a standard rate basis—$362,000; and the provision of temporary technical and production installations to meet special demands—$307,000.

2. No facilities or equipment from C.B.C. maritime region were made available to assist in coverage of the Pan-American Games. Eleven TV technicians from Halifax, one radio technician from Moncton and one program clearance officer from Halifax were assigned to Winnipeg for various periods.

3. The 11-man technical crew from Halifax was part of the corporation's pool of personnel organized to cover major centennial events across Canada. Their involvement in the Pan-American Games was planned before the beginning of the year and they were in Winnipeg from July 26 to August 8. The radio technician was in Winnipeg from July 16 to August 8 and the program clearance officer was in Winnipeg from July 1 to August 10. Actual travel dates would have been finalized approximately three weeks in advance.

4. No.

5. (a) $9,858,000 exclusive of provincial sales tax. (b) $10,191,000 inclusive of provincial sales tax. (c) The cost of operating the International Broadcasting Centre was approximately $6,000,000. Under the corporation's terms of reference, these facilities were available to all users without charge.

6. Yes.

[*English*]

CORPORAL PUNISHMENT IN PENITENTIARIES

Question No. 718—**Mr. Orlikow:**

1. How many times has corporal punishment been used each year for the past ten years in federal institutions?

2. How many prisoners have had such corporal punishment more than once?

Hon. L. T. Pennell (Solicitor General): 1 and 2. In federal institutions, corporal punishment is administered as a court order or as a sentence awarded by an institutional board of discipline. Corporal punishment, as a court order, was used as follows: 1957, 28; 1958, 14; 1959, 7; 1960, 17; 1961, 6; 1962, 11; 1963, 9; 1964, 22; 1965, 3; 1966, 3; Total 120.

In 34 of these cases, corporal punishment was used on two or more occasions to discharge the court order.

Corporal punishment, as a sentence awarded by an institutional board of discipline, was used as follows: 1957, 15; 1958, 16; 1959, 24; 1960, 12; 1961, 67; 1962, 18; 1963, 96; 1964, 26; 1965, 7; 1966, 32; Total, 313.

17 of these inmates have had such corporal punishment more than once.

Under the provisions of the Parole Act the National Parole Board may, upon application therefor, revoke or suspend any court sentence of whipping.

As of 1967 and pursuant to a new directive, sentences of strapping awarded by an institutional board of discipline may not be executed unless and until approved by the Commissioner of Penitentiaries except where an inmate is found guilty of participating in collective riotous behaviour beyond normal methods of control, and instant use of corporal punishment may restore order.

STUDIES FOR LABOUR RELATIONS TASK FORCE

Question No. 828—**Mr. Allmand:**

1. What are the titles of the studies undertaken by federal government departments for the Labour Relations Task Force, and who are the authors?

2. What other studies are in the research program which have not been commissioned or assigned?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Full details of the research program of the task force on labour relations indicating the titles of studies undertaken by federal government departments, and studies which have not been commissioned or assigned, can be found in Appendix B of the progress report, tabled in the house on February 29, 1968.

* STUDY OF NATIONAL CAPITAL AREA

Question No. 867—**Mr. Southam:**

When the government decides to establish a joint study with a view of setting up a National Capital Area, will it give consideration to having officials from each of Canada's ten provinces on this study group in order to fully examine the matter?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, the answer to starred question No. 867 is as follows.

This question has been discussed with the premiers of all the provinces and it has been agreed that there should be a study group set up by the governments of Ontario and Quebec and by the federal government concerning the national capital area, and that the other provincial governments will be kept informed of all important developments in connection with this matter. The study group has been established and has held a number of meetings.

* FEDERAL GRANTS, CONTRACTS, ETC.—LONDON, ONT.

Question No. 907—**Mr. Irvine:**

1. What was the total value of federal grants, subsidies and contracts awarded to the City of London and its agencies, including Public Utilities Commission, Board of Education, Hospitals, Old Age and Rest Homes, during the years 1965, 1966 and 1967?

2. What was the total value of federal grants, subsidies and contracts to educational institutions, including the University of Western Ontario, in this period?

3. What was the total value of federal grants, subsidies and contracts awarded to manufacturing, business firms and other service organizations in the City of London, in this same period?

4. In each instance what was the name of the recipient and the amount of each contract, grant or subsidy?

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): It is impossible to give a complete breakdown of government expenditures according to municipalities, electoral ridings and other entities of this sort. The government does not base its budgetary estimates on such a breakdown nor register its expenditures in this way. It would be possible to give information concerning expenditures when a definite work, program or beneficiary is mentioned in the question. Naturally, in some cases these concern a municipality or a particular electoral riding.

[*English*]

EXPO '67 DEFICIT

Question No. 930—**Mr. Coates:**

Is the government now in a position to indicate the expected deficit associated with Expo '67 and,

if so, what is the amount of the estimated deficit and, of this estimated deficit, how much is the responsibility of the federal government?

Hon. Robert Winters (Minister of Trade and Commerce): Expo brought large financial net benefits to Canada. Therefore, on a national basis, it was a good investment of funds although as an isolated project, there was a substantial deficit. The termination of contracts, disposal of assets and final financial statements of Expo '67 will be completed only about June 30, 1968. Therefore, the exact amount of the net cost within the gates of Expo is not yet known. It is estimated that the total net cost in the books of the exhibition corporation will amount to approximately $295,000,000. of which 50 per cent, or approximately $147,500,000. will be paid by the federal government, 37½ per cent by the province of Quebec and 12½ per cent by the city of Montreal, under the tripartite agreement. Not reflected in the deficit of the corporation are the following:

1. Assets transferred to the three governments were recorded in the books of the exhibition corporation at a value of $74 million.

2. The estimated increase in the tax revenues of all governments generated by expenditures on Expo was $238 million.

3. Foreign participants invested an estimated $200 million in their participation of Expo '67.

4. Tourist revenue increased in Canada in 1967 by approximately $490 million, most of which was due to Expo '67.

5. Over 50 per cent of Expo visitors were non-Canadian tourists. Approximately one million Expo admissions were by people from outside continental United States and Canada. The foreign pavilions were operated by the trade, commerce and industry departments of the 72 foreign governments and the three international organizations represented. All of this will result in benefit to Canada's foreign trade and general reputation abroad.

Expo '67 was universally acclaimed as the greatest world exhibition in history. It has generated greater understanding of Canada at home and abroad, and has produced substantial intangible benefits which cannot be reduced to a sum of money in assessing the overall value of Expo.

[Mr. Coates.]

* C.B.C. USE OF U.P.P. PROGRAMS

Question No. 933—**Mr. Ormiston:**

1. Has the C.B.C. at any time delivered U.P.P. programs, purchased by the C.B.C. to its affiliates that purchased these U.P.P. programs?

2. In respect to Part 1 above, does the C.B.C. make the normal program charge on a per hour range for these U.P.P. programs?

3. In respect to Parts 1 and 2 above, to how much has the subsidy to the affiliates amounted, to date?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): The answer to this question is as follows:

Some of the United Program Purchase organization's programs purchased by C.B.C. owned stations for local use are transmitted via microwave at a common time period. C.B.C. affiliated stations purchasing the same programs independent of the C.B.C. are permitted, upon request, to "lift off" these programs during the time of the C.B.C.'s line feed. This practice is usually employed to complement regular network colour programming where affiliated stations not able to originate colour film programs can transmit network colour programs. In addition, sponsors of specific programs common to both C.B.C. owned stations and some affiliated stations have requested that such programs be "lifted off" by the affiliated stations during the period they are being fed to C.B.C. stations. The affiliated stations U.P.P. membership is not a requisite to receive this service.

The answer to Nos. 2 and 3 is that there is no charge to affiliated stations, whether or not they are members of the U.P.P., nor is there any additional cost to the C.B.C.

LANGUAGE REQUIREMENTS FOR POSTMEN

Question No. 934—**Mr. Valade:**

1. What are the requirements of the Postmaster General concerning a knowledge of the English language for French-speaking Canadians and of the French language for English-speaking Canadians who apply for the position of mailman?

2. How many applicants have been turned down between January 1, 1967, and January 1, 1968 (a) in the case of applicants residing in Quebec who did not have an adequate knowledge of English (b) in the case of English-speaking applicants who did not have an adequate knowledge of French, in each of the provinces?

3. Are applicants for the position of mailman required to undergo an examination on their knowledge of the French language in provinces other than Quebec?

4. What type of examination applies to applicants for the position of mailman as concerns (a) the English language (b) the French language?

Hon. Judy V. LaMarsh (Secretary of State): I have been given the following information by the Public Service Commission: As the Public Service Commission has no class "mailman" all answers to the questions below refer to the official class letter carrier.

1. Section 20 of the Public Service Employment Act reads as follows: "Employees appointed to serve in any department or other portion of the public service, or part thereof, shall be qualified in the knowledge and use of the English or French language or both, to the extent that the commission deems necessary in order that the functions of such department, portion or part can be performed adequately and effective service can be provided to the public."

2. (a) 161. (b) Four in the province of Ontario; none in other provinces.

3. Yes, provided a knowledge of the French language was indicated as a requirement for the position.

4. At the time of interview, applicants are given an oral examination to determine the degree of ability to understand or to speak the language, or languages, as the case may be. The Public Service Commission will shortly have tests designed to determine the candidate's ability to read and to write the language, or languages, as the case may be.

YOUTH TRAVEL AND EXCHANGE PROGRAM

Question No. 952—**Mr. Bell (Carleton):**

1. During the year 1967, how many (a) students (b) escorts, took advantage of the youth travel and exchange program?

2. (a) On what basis is the federal contribution thereto made (b) what was the total cost thereof to the Government of Canada?

3. Will the program be continued in 1968 and subsequent years?

4. If so, is it anticipated that (a) changes will be made in the program and, if so, what changes (b) an increasing number of students will be enabled to have the advantage of the program?

5. By what branch or division of government will the program be administered?

6. Who is the director or chief thereof?

Hon. Judy V. LaMarsh (Secretary of State): 1. (a) 4,800. (b) 400.

2. (a) The federal government paid all travel costs and made a grant to each province of $260 per unit for travelling expenses and $520 per unit for hosting purposes. (b) $820,000.

3. Yes.

4. (a) Yes. Whereas the commission did not support exchanges with other countries, such projects will be supported in the future and will account for about 10 per cent of total programs. Furthermore, the following changes are made to domestic programs: Federal-Provincial: The name will be changed from "The Federal/Provincial Youth Travel Program" to "The Young Voyageur Program". Provinces will put more emphasis on the educational aspects of the program. Voluntary Agencies: Projects will be assessed on the basis of the contribution they make to the development of a higher standard of Canadian citizenship. A small international dimension is to be added. (b) No.

5. The travel and exchange division of the citizenship branch, Secretary of State.

6. J. R. Préfontaine.

PILOTAGE BOARD

Question No. 968—**Mr. Latulippe:**

1. When was the Pilotage Board set up and who are the members of that Board?

2. What are the total expenditures of the Board?

3. What are the total expenditures for each of the members since their appointment?

4. Who are the full-time and part-time employees of the Board and what amounts have they received since their appointments?

5. When will the Board's report be published?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): I am informed by the royal commission on pilotage as follows: 1. The royal commission on pilotage was appointed on November 1, 1962 by P.C. 1962-1575. Its members are: Hon. Y. Bernier, Judge of the Superior Court of Quebec. Mr. R. K. Smith, Q.C., Waterloo, Ontario. Mr. H. A. Renwick, Vancouver, B.C.

2. The total expenditures of the royal commission on pilotage from Nov. 1, 1962 to February 1, 1968 has amounted to $917,867.

3. The total expenditures for each of the commissioners for the period November 1962 to February 1, 1968, is: Hon. Y. Bernier, $67,443.00, covering per diem living allowance ($50.00) plus travelling expenses. Mr. R. K. Smith, Q.C. $56,505.00, covering per diem honorarium ($100.) and living allowance ($20) plus travelling expenses. Mr. H. A. Renwick, $52,123.00, covering per diem honorarium ($100.) and living allowance ($20) plus travelling expenses.

Questions

4. The number of employees of the royal commission on pilotage (exclusive of consultants) has varied from year to year and the total expenditures in salaries during the period Nov. 1, 1962 to Feb. 1, 1968 has amounted to $368,200. Following are the names of the persons now employed by the royal commission on pilotage with the annual emolument each receives from the royal commission: G. W. Nadeau, Secretary, director of research and asst. counsel (on loan from Dept. of Transport). (Terminable allowance $6,429 yearly). F. C. Morissette, Asst. secretary (on loan from the Public Service Commission). (Terminable allowance $2,500 yearly). Capt. J. A. Heenan, Technical adviser, annual salary $12,600. Cdr. C. H. Little, English editor, annual salary $15,000. Cdt. Geo. Sabouret, French editor, annual salary $15,000. Mrs. J. Lamontagne, Clerical staff, annual salary $6,256. Mrs. E. Tzopa, Clerical staff, annual salary $5,847. Mrs. D. Chabot, Clerical staff, annual salary, $5,594. Mrs. E. Havercroft, Clerical staff, annual salary $5,571. Mrs. Y. Nadeau, Clerical staff, annual salary $5,400. Mrs. C. Alary, Clerical staff, annual salary $5,228. Mrs. M. Heatley, Clerical staff, annual salary $4,093. Mr. L. Menard, Clerical staff, annual salary $4,021.

5. The royal commission's report to the government will appear in 5 parts, each contained in a separate volume or group of volumes. Part I will be the main one; it will direct attention to the present state of the pilotage legislation in Canada, will report on its pilotage legislation in Canada, will report on its adequacy or otherwise in the light of existing conditions as disclosed by the evidence and will recommend the basic changes that should be made in the law, including the pilotage organization, to meet the present and foreseeable requirements of the pilotage service. The commission expects to be in a position to present this first part of its report to the government in about 6 to 8 weeks. The other parts of the report, which will be in the nature of supporting documents, will report on the factual situation in each of the 25 pilotage districts in Canada, including those on the great lakes. These separate reports (part II-part V) will be submitted to the government progressively as they are completed, which it is expected may take another year.

[Mr. Matheson.]

FRED PROGRAM, PRINCE EDWARD ISLAND

Question No. 990—**Mr. MacLean (Queens):**

1. What projects are (a) in being (b) in prospect under the Fund for Rural Economic Development (FRED) program for Prince Edward Island?

2. What is the total amount of expenditure by the Government of Canada involved in these projects for the fiscal years 1967-68 and 1968-69 (a) for Prince Edward Island (b) for all of Canada?

3. What number of the Public Servants of Canada are employed for this program in Prince Edward Island?

4. Where will such personnel be located?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): 1. (a) None. (b) Officials of the federal government and the provincial government are currently working together in the preparation of a comprehensive rural development plan for presentation to the governments of Canada and Prince Edward Island.

2. (a) In 1967-68: None. In 1968-69: No specific allotment has been set aside for Prince Edward Island for the fiscal year 1968-69 as there is no way of knowing, at this stage of the development of the plan, how much will be required during the year. (b) In 1967-68, approximately $6,000,000 will be spent for all of Canada. In 1968-69, parliament will be asked to approve an estimate of $9,600,000 for all of Canada under the Fund for Rural Economic Development.

3. Two public servants of Canada are working full time in the preparation of a comprehensive rural development plan in Prince Edward Island. In addition, from time to time, in Prince Edward Island, several other federal officials have worked and are working on the preparation of the plan.

4. The two federal officials working full time in the preparation of the comprehensive rural development plan live in Charlottetown, P.E.I.

CIVIL DEFENCE EXPENDITURES

Question No. 992—**Mr. Laprise:**

1. How many civil defence schools are there in (a) Canada (b) each province?

2. What amount was spent by the federal government each year since 1960 for civil defence (a) in Canada (b) for each province?

3. What is the planned expenditure for the years 1967-1968 and 1968-1969 (a) in Canada (b) for each province?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): Insofar as Canada Emergency Measures Organization is concerned: 1. (a) in Canada: 3. (b) In each province: Ontario, 2 (one of which is the Federal Canadian Emergency Measures College, Arnprior, Ontario); Alberta, 1.

It is pointed out that the provinces not having permanently established schools fulfil their training requirements by conducting courses on an ad hoc basis.

	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67
Nfld.	46.2	29.3	30.7	42.9	47.7	49.9	87.2
P.E.I.	14.1	16.2	16.8	24.7	16.7	17.3	28.9
N.S.	150.4	182.3	203.8	189.7	218.0	207.2	208.4
N.B.	93.4	145.3	137.9	149.4	135.1	143.6	146.9
Que.	NIL	426.4	669.7	1,264.7	1,469.2	1,468.5	1,636.2
Ont.	799.7	1,010.8	1,323.9	1,353.8	1,556.2	1,690.2	1,742.6
Man.	124.4	151.2	217.7	202.2	222.8	243.0	256.4
Sask.	131.6	109.2	166.4	155.3	167.1	197.9	200.4
Alta.	405.0	442.5	475.1	509.2	517.6	558.7	493.5
B.C.	482.5	565.8	567.8	532.0	576.7	514.2	532.7
Y-NWT	NIL	NIL	NIL	.4	.1	9.9	12.0

2. (a) The amounts spent by the Federal Government in Canada include expenditures by Canada EMO, other federal departments and agencies and grants to provinces as detailed at 2(b), but exclusive of the Department of National Defence: (Figures in $1000): 1960-61, 15,756.3; 1961-62, 66,981.1; 1962-63, 53,122.5; 1963-64, 33,715.3; 1964-65, 20,444.2; 1965-66, 18,856.6; 1966-67, 20,344.7.

(b) For each province:

3. (a) Planned expenditures in Canada for 1967-68 and 1968-69 include expenditures planned by Canada EMO, other federal departments and agencies and grants to provinces, as detailed at 3(b), but exclusive of the Department of National Defence. (Figures in $1000) Estimates 1967-68, $16,046.4; Planned Expenditures subsequent to Government Economy Measures, 1967-68, $14,190.8; Estimates 1968-69, $10,154.4.

(b) For each

Province	1967-68	1968-69
Nfld.	92.1	92.1
P.E.I.	26.4	20.1
N.S.	210.2	139.4
N.B.	155.9	114.1
Que.	1,499.2	1,079.5
Ont.	1,799.6	1,312.0
Man.	249.1	177.2
Sask.	218.4	176.1
Alta.	408.3	273.5
B.C.	519.2	357.4
Y-NWT.	11.8	8.5

[*English*]

RECRUITMENT IN U.S. OF CLASSIFICATION OFFICERS

Question No. 1,006—**Mr. Bell (Carleton):**

1. Is the Public Service Commission endeavouring to recruit in the United States of America officers for the Bureau of Classification Review?

2. If so (a) what number of officers (b) what precisely are the duties to be performed by such officers (c) what salary range will attach to such positions (d) what educational and other qualifications will be required of appointees?

3. (*a*) Were attempts made to recruit such officers (i) in Canada (ii) in the Commonwealth (iii) in France (*b*) if so, with what results precisely in each case?

4. Will it be a condition of employment of any officers recruited in the United States of America that they be or agree to become bilingual?

Hon. Judy V. LaMarsh (Secretary of State): I have been given the following information by the Public Service Commission: 1. Yes. In January of this year the Public Service Commission endeavoured to recruit in the United States, professional personnel administrators with specialized training and qualifications in job evaluation and pay administration to fill existing vacancies in several departments of government including the bureau of classification revision.

2. (a) The Public Service Commission was prepared to recruit up to forty eight officers possessing the special qualifications referred to in (1). (b) The duties of officers who might be recruited may be summarized briefly as follows:

For officers placed in departments: the implementation within the department of the current classification program; job

description writing; job analysis; job evaluation and pay administration.

For officers placed in the bureau of classification revision: the development, writing and maintenance of classification standards; performance of the classification audit and review function. (c) In January 1968, when the recruitment effort was made the salaries of the positions in question ranged from $9,955 per annum to $12,608 per annum. (d) Prospective candidates for these positions are required to have a university degree. Other qualifications required are: professional experience in job evaluation and pay administration; professional knowledge of modern principles and techniques of general personnel administration.

3. (a) (i) Yes. Since 1965 several country-wide campaigns have been conducted in Canada to recruit candidates possessing the required qualifications. As a result of these campaigns approximately fifty employees have been recruited in Canada from outside the public service. In addition, through intensive training programs some one hundred and ten employees from within the Public Service have acquired the necessary skills and qualifications and are now employed on classification and pay administration work. (ii) Yes. Efforts were made to recruit qualified candidates in Britain in late 1967. (iii) No. See also answer to 3(b). (b) The result of the recruitment effort in Britain was that two candidates were qualified for employment in classification and pay administration, but neither of these qualified candidates accepted offers of employment with the Public Service of Canada.

In the light of the experience in Britain, it was decided not to attempt to recruit candidates in France.

4. Yes. It is a condition of employment for any officers recruited in the United States for the positions in question that they either already have a working knowledge of both French and English or that they agree to acquire it through appropriate training.

SMALL BUSINESSES LOANS

Question No. 1,022—**Mrs. Wadds:**

1. What amount was loaned under the Small Businesses Loans Act in each month beginning January, 1967, through and including January, 1968?

2. What amount was loaned under this Act each year from its commencement?

[Miss LaMarsh.]

Hon. Mitchell Sharp (Minister of Finance):

1.

Month 1967	Amount $
January	1,231,620
February	1,169,111
March	1,190,267
April	1,239,775
May	2,266,407
June	2,356,725
July	2,108,888
August	1,940,147
September	1,563,515
October	2,032,256
November	1,860,824
December	1,741,203
Total	$20,700,738

(Figures for January, 1968 not yet received.)

2.

Year	Amount $
1961	25,557,269
1962	25,687,434
1963	23,325,499
1964	26,473,825
1965	26,033,094
1966	20,095,355

BRIDGE COST, P.E.I. NATIONAL PARK

Question No. 1,033—**Mr. Macquarrie:**

1. What is the estimated cost of constructing a bridge across Rustico Harbour to complete the Gulf Shore Highway in the Prince Edward Island National Park?

2. What was the estimated cost of such a bridge when it was decided to construct the Gulf Shore Highway?

3. Is it intended to build this bridge?

4. If so, when is construction scheduled to commence?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. The cost estimate for this bridge was completed in 1965. It was $1,550,000. To meet rising costs this estimate would now have to be increased to approximately $1,800,000.

2. As the Gulf Shore Highway project was divided into three separate phases, no detailed estimate of the Rustico Harbour bridge was prepared at the time construction started on phase I. However, a preliminary estimate of the entire project, including the bridge, made in 1954 was $2,845,000. The actual cost of completing the highway without the bridge was $3,397,000.

3. The construction of this bridge is not currently being considered.

4. Not applicable.

ROYAL COMMISSIONS PRESENTLY OPERATING

Question No. 1,044—**Mr. Coates:**

How many Royal Commissions are in operation at the present time, what area does each cover, what has been the cost of each to the federal government as of this date, what is the estimated final cost of each, and on what date should final reports be received by the government?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Six royal commissions were in operation on February 12, 1968.

	Cost to date	Forecast to March 31, 1969
Pilotage	$ 922,794	$1,251,969
Bilingualism and Biculturalism	6,745,612	7,646,181
Farm Machinery	497,835	984,117
Security	220,698	473,600
Status of women	254,275	1,209,408
Hay River	15,000	N/A

The areas covered by these commissions include problems relating to marine pilotage provided in Canada, bilingualism and biculturalism, farm machinery costs, security, status of women and the administration of justice at Hay River, N.W.T.

It is expected that the report of the commission of inquiry into the administration of justice in the Hay River Area of the N.W.T. will be completed during the current fiscal year (1967-68). It is not possible to forecast the date when final reports will be received by the government from the other commissions, although it is considered reasonable to assume that all of these commissions excepting the royal commission on the status of women will terminate their work during the 1968-69 fiscal year.

FUEL OIL TENDERS, MONTMAGNY PUBLIC BUILDING

Question No. 1,046—**Mr. Berger:**

1. Has the Department of Public Works asked for tenders for the supplying of fuel oil to the government's Montmagny Building (Post Office, Customs-Manpower) for the year 1967-1968?

2. If so, where were such tenders advertised?

3. How many tenders were submitted, by whom were they submitted, and to whom was the contract granted?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): 1. No. The Department of Defence Production invited tenders for the supply of fuel oil for the federal building at Montmagny, Quebec, during the period August 1, 1967, to July 31, 1968.

2. The Department of Defence Production does not publicly advertise tenders. It does send invitations to tender to suppliers from established departmental source lists.

3. Six (6) firms submitted bids as follows: 1. Champlain Oil Products Limited, Montreal 3, P.Q. 2. Texaco Canada Limited, Montreal, P.Q. 3. The British American Oil Co. Ltd., Toronto, Ontario. 4. Imperial Oil Limited, Ottawa, Ontario. 5. Les Petroles Irving Inc., Saint John, N.B. 6. Les Huiles de Quebec Limited, Quebec City, P.Q.

Contract was awarded to Champlain Oil Products Limited, the lowest bidder.

[*English*]

P.F.R.A. PROJECTS IN PRAIRIE PROVINCES

Question No. 1,048—**Mr. Jorgenson:**

1. How many P.F.R.A. projects were started in 1967 in each of the Prairie Provinces?

2. What was the nature of each of the projects and estimated cost?

Hon. J. J. Greene (Minister of Agriculture): 1. Manitoba, 6; Saskatchewan, 33; Alberta, 19.

2. Manitoba: 6 Community Dugouts, $21,-080; Saskatchewan: 2 community pastures, Kinistino, $186,000; White Bear, $265,000; 4 large community water storage projects, Lake Lenore, $98,000, Helgason, $96,000, Esterhazy, $200,000, Greenleigh, $32,500; 24 community dugouts, $75,090; 3 community stock watering dams, $48,120; Alberta: 1 large community water storage and irrigation project—Therriault, $90,500; 16 community dugouts, $70,660; 1 community stock watering dam, $1,850; 1 community irrigation project, $4,950.

MANPOWER AND IMMIGRATION RADIO TIME

Question No. 1,053—**Mrs. Wadds:**

1. How much radio time does the Department of Manpower and Immigration use?

2. How much does it cost annually?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. 20 hours and 35 minutes from April 1, 1967 to February 23, 1968.

2. $12,226.62.

Questions

BILINGUAL BONUS TO PUBLIC SERVANTS, EDMONTON

Question No. 1,060—**Mr. Lambert:**

How many persons in the public service of Canada, employed in Edmonton or its immediate area, qualify for the 7 per cent pay bonus or any other bonus for sufficient proficiency in both the English and French languages?

Hon. Judy V. LaMarsh (Secretary of State): I have been given the following information by the Public Service Commission: The answer to this question is "nil".

* FLOOD CONTROL AGREEMENT, UPPER THAMES VALLEY

Question No. 1,080—**Mr. Irvine:**

1. Is it the intention of the federal government to negotiate with the City of London, the Government of the Province of Ontario, and the Upper Thames Valley Conservation Authority for an extension of the 1961 Flood Control Agreement which would permit the completion of the program outlined in the Upper Thames Valley Conservation Report of 1952?

2. Have representations been received by the federal government from the City of London?

3. Have representations or submissions been received by the federal government from the Government of the Province of Ontario?

4. What initiative does the federal government intend to take in this urgent matter?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member's question is related to the river Thames project and the Water Protection Act. 1. The 1961 Flood Control Agreement referred to in the question presumably is that signed by Canada and Ontario on January 28, 1961, providing for a contribution by Canada not exceeding $3,615,200 over a period of ten years to the construction of four flood control reservoirs and related channel improvements on the Upper Thames River system. This agreement resulted from an application by Ontario for a financial contribution to these works under the above act. The initiative for negotiation of extension of the agreement rests with Ontario. Any negotiations would be between Canada and Ontario.

2. No representations have been received by the Department of Energy, Mines and Resources from the city of London in this connection.

3. No representations or submissions in this connection have been received by my department from the government of the province of Ontario.

[Mr. Munro.]

4. The initiative in this matter rests with the government of Ontario.

[*English*]

NATIONAL MANIFESTATIONS ON PARLIAMENT HILL

Question No. 1,084—**Mr. Lambert:**

1. Did the Secretary of State receive a letter from Z. Jarmicki, National President of the Canadian Polish Congress, protesting the exclusion of the Polish ethnic community from the national manifestations on Parliament Hill on June 30-July 1?

2. If so, what was the reply to such representations?

3. Were similar protestations received from national organizations representing the Italians, Dutch, Slovaks, and Hungarian communities in Canada and, if so, what was the nature of the replies?

4. What were the criteria used by the C.B.C. to determine participation in the national presentations made on Parliament Hill on June 30, in addition to long hair and screaming voices?

Hon. Judy V. LaMarsh (Secretary of State): 1. No.

2. Not applicable.

3 and 4. Not from specific ethnic organizations, but a letter was received from the chairman of the Canadian Folk Arts Council commenting on the fact that some ethnic groups were not represented in the program. In reply, it was noted that the selection of participants in the program was a joint undertaking of the centennial commission, Canadian Folk Arts Council and Canadian Broadcasting Corporation. While the general goal was to reflect all facets of Canadian life, it was recognized that time and budgetary limitations would mean that some national groups and some geographical areas could not be represented. Since the program was to be viewed by Her Majesty the Queen as well as carried on national television, the final selection of participants was left to the C.B.C. producer who, it was felt, was best qualified to decide which groups together would offer the most representative, colorful and professional presentation.

* REMOVAL OF INCOME TAX DOCUMENTS, WINNIPEG

Question No. 1,086—**Mr. Sherman:**

1. Were any documents of taxpayers removed by officers of the Department of National Revenue from the premises of the taxpayers or of their accountants or agents in Winnipeg during January 1968?

2. If any documents were so removed, were they removed with the consent of the taxpayers or the accountant or agent concerned?

3. If any documents were so removed without such consent, under what statutory authority did the removals take place?

[*Translation*]

Hon. Jean Chrétien (Minister of National Revenue): 1. Yes.

2. The records were delivered voluntarily to officers of the Department of National Revenue, Taxation, pursuant to a requirement issued under Section 126(2) of the Income Tax Act.

3. Not applicable.

[*English*]

PORTRAIT OF MR. DIEFENBAKER

Question No. 1,088—**Mr. Enns:**

1. On what date was the portrait of the Right Honourable Louis St. Laurent placed in the Parliament Buildings?

2. (a) What are the government's plans for displaying a portrait of the Right Honourable John Diefenbaker? (b) Does the plan in this regard differ from that followed in regard to the display of portraits honouring former Prime Ministers?

Hon. Judy V. LaMarsh (Secretary of State): 1. March 4th, 1959.

2. (a) The portrait of the Right Hon. John Diefenbaker, commissioned by the government, will become the property of parliament. The display of this portrait in the parliament building is a matter falling within the domain of His Honour the Speaker. (b) See answer to part (a).

HARBOUR IMPROVEMENTS, ST. BRIDE'S, NFLD.

Question No. 1,090—**Mr. Bell (Saint John-Albert):**

Has a survey been conducted recently in the harbour area of St. Bride's, Newfoundland and, if so, when will improvements be made?

Hon. G. J. McIlraith (Minister of Public Works): Funds have been allocated for repairs and maintenance work on existing facilities at St. Bride's to facilitate the local fishery. In addition, a survey is now in progress to ascertain what other improvements may be warranted.

NATIONAL MUSEUMS ACT

Question No. 1,095—**Mr. Bell (Carleton):**

1. Has the National Museums Act been proclaimed?

2. If so, on what date?

3. If not, when may its proclamation be anticipated?

Hon. Judy V. LaMarsh (Secretary of State):

1. No.

2. Not applicable.

3. It is the intention of the government that the act shall come into force on April 1, 1968.

NATIONAL MUSEUMS APPOINTMENTS

Question No. 1,103—**Mr. Bell (Carleton):**

1. Has the Board of Trustees of the National Museums of Canada been appointed?

2. If so, who are the members thereof?

3. If not, when may its proclamation be anticipated?

4. Has (a) the Secretary-General of the National Museums of Canada (b) the director of each museum, been appointed?

5. If so, what are the names of such appointees?

6. If not, when may such appointments be anticipated?

7. Have any by-laws of the National Museums of Canada been enacted?

8. If so, on what date and to what purport are such by-laws?

9. Have any consultative committees been established?

10. If so, what committees and who are the members thereof?

Hon. Judy V. LaMarsh (Secretary of State):

1. Yes.

2. Mr. Jean Ostiguy, Montreal, Quebec, chairman; Mr. J. Ronald Longstaffe, Vancouver, British Columbia, vice-chairman; Mr. Allan Bronfman, Montreal, Quebec; Mrs. Nina Cohen, Glace Bay, Nova Scotia; Mrs. Phyllis George, Moncton, New Brunswick; Mr. George W. P. Heffelfinger, Winnipeg, Manitoba; Mr. Kiyoshi Izumi, Regina, Saskatchewan; Dr. Amiot Jolicœur, Ste. Foy, Quebec; M^{me} C. Marcoux-Baillargeon, Montreal, Quebec; Mr. David Spurgeon, Toronto, Ontario; Professor G. S. Vickers, Toronto, Ontario; Dr. J. Tuzo Wilson, Toronto, Ontario; and, *ex officio*, Mr. Jean Boucher, Director of the Canada Council, and Dr. W. G. Schneider, President of the National Research Council.

3. Not applicable.

4. (a) Yes. (b) No.

5. Mr. Charles J. Mackenzie has been appointed Secretary General of the National Museums of Canada; under the act; the directors of the museums are to be appointed by the governor in council on the recommendation of the board of trustees.

Inquiries of the Ministry

6. After the first meeting of the board of trustees.

7. No.

8. Not applicable.

9. No.

10. Not applicable.

Hon. George Hees (Northumberland): Mr. Speaker, I rise on a question of privilege. Last Wednesday at this time I asked whether starred question No. 545 could not be answered, and I was told by the parliamentary secretary that my request would be considered. It has not been answered yet. In view of the fact that this is a simple question requiring straightforward and factual information, and that it has been on the order paper for nearly five months, I would request the Prime Minister to speak to the minister concerned to see if this question could not be answered on Wednesday next.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to do so.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I rise on a question of privilege with regard to question No. 909. It has been on the order paper since January 22 and is a very simple series of questions. I was wondering if perhaps the Secretary of State could make arrangements to have this question answered by Wednesday. I quite understand, Mr. Speaker, that the government may not want to answer the question—

Mr. Speaker: Order, please.

FINANCE

LEVEL OF EXCHANGE RESERVES AT TIME OF ADDITIONAL CREDIT ARRANGEMENTS

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of Finance. I wonder whether the minister will advise the house whether the level of Canada's foreign exchange reserves had dipped to $1.7 billion or thereabouts by the time Canada had obtained the additional credit rights to $900 million U.S. announced by the Minister of Finance on Thursday, as asserted three times by the Minister of National Revenue on the French television network last evening.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, as the hon. gentleman knows it is not customary to reveal the state of our foreign exchange reserves, except at the end of the month. The Minister of National Revenue spoke to me about his statement on the television network. He rose today on a question of privilege and said his memory was at fault. I wish to assure the house the Minister of National Revenue is not aware of the current state of our foreign exchange reserves.

Mr. Lambert: May I ask a supplementary question. Will the minister kindly advise whether the Minister of National Revenue was also in error when he advised that Canada's daily loss of foreign exchange reserves was at the rate of $25 to $35 million per day up to the time the minister announced these new credit rights?

Mr. Sharp: Mr. Speaker, I am not wholly aware of what the Minister of National Revenue said, but I can assure the hon. member that the Minister of National Revenue is not aware of the change in our exchange reserves from day to day.

Mr. Lambert: A further supplementary question, Mr. Speaker. I am speaking with reference to the text of this—

Mr. Speaker: Order, please. I have to remind the hon. member that the only questions which can be asked about statements made outside the house should be put to the Prime Minister, with a view to ascertaining whether such alleged statements correspond to government policy.

Mr. Lambert: I will ask my question of the Prime Minister, then. Does the Prime Minister agree that the Minister of National Revenue was in a position to disclose figures regarding Canada's foreign exchange reserves at any time during the recent monetary crisis?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the minister has already indicated on a question of privilege that the figures he used yesterday were inaccurate.

Mr. Lambert: Does the Prime Minister agree that ministers of the crown should appear on television programs with faulty memories?

[*Translation*]

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

I should like to tell the house that yesterday I was defending the Canadian dollar. I wanted to establish that the dollar had sufficient reserves and that, last week, we had

improved the situation in that area. Therefore, I think that the hon. member has no reason to become excited.

[*English*]

Mr. Speaker: Order, please. I wonder whether we might not go to another question. The minister has risen on a question of privilege which is really an explanation of a statement made outside the house. I suggest it should not be pursued further.

HUMAN RIGHTS

REPORTED DISCRIMINATION IN EMPLOYMENT CONTRACT IN NORTH

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Prime Minister. I ask my question in light of the Supreme Court decision last week upholding the validity of an employment contract clause that forbade a relationship between members of different races. Because of our concern for equality in this regard, I wonder whether the Prime Minister can advise the house of the intention of his government to introduce legislation to make such contracts or impositions illegal in the future.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have asked for a report on this matter from the Department of Justice. The Minister of Justice received the report only at lunch time, and I would prefer to examine it before I reply to my hon. friend.

Right Hon. J. G. Diefenbaker (Prince Albert): A supplementary question, Mr. Speaker. There have been instances in the past when the Supreme Court of Canada has seen fit to permit a rehearing before the full court. As the decision in the Canadian Marconi case is one that, regardless of its merits as a legal proposition, will place Canada in the position of being regarded internationally as a country in which the highest court has determined that discrimination is in order—for that will be the misinterpretation—would the government consider doing that which has been done in the past, namely asking the Supreme Court to have a full panel of judges sit on this question instead of five judges, in view of the importance of this matter to Canada's international face, if I may use that expression, or image all over the world?

Mr. Pearson: Mr. Speaker, I have said that I would look into this matter in all its aspects and with all the facts before me. I think that is a wise procedure to follow before coming to any decision or making any statement in connection with such an important question.

Mr. David Orlikow (Winnipeg North): A supplementary question, Mr. Speaker. I should like to ask the minister of northern affairs whether his department still requires companies that employ men in northern parts of Canada to write this kind of clause into their employment contracts.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I think I can say confidently that no contracts are written in either of the territories, but in all instances they are consummated in one of the provinces; and the law respecting any such contract would be the law of the province in which the contract was written.

Mr. Orlikow: A further supplementary question, Mr. Speaker. May I ask the minister whether it is true, as has been reported, that this clause in the contract was written in at the request of his department some years ago?

Mr. Laing: Mr. Speaker, I think that is an aspect of the matter that might well be disclosed when the Prime Minister makes the comprehensive statement that he has indicated.

Mr. Howard: May I address a further supplementary question to the Prime Minister. Considering what the Minister of Indian Affairs and Northern Development said, that the contract in question was written in one province and was to be applicable in another jurisdiction, the implication being that such province has extraterritorial jurisdiction to make a contract which is to be effective in areas which are exclusively under federal jurisdiction, will the Prime Minister look into that aspect of the matter as well?

Mr. Pearson: Yes.

[*Translation*]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs.

Could he tell the house whether the Canadian government intends to shake its

fist at every country which, like Gabon, is totally unimpressed by its uncompromising arrogance?

Mr. Speaker: Order. This is an argument rather than a question.

[*English*]

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder whether I could direct a question to the Minister of Transport relating to that section of his department which deals with meteorological matters. I ask the minister whether he might be able to arrange that March 22 be a fine, clear and sunny day.

Mr. J. R. Keays (Gaspé): Mr. Speaker, my question is to the Minister of Indian Affairs and Northern Development who is responsible to parliament for the historic sites commission. With reference to the importation of potatoes from the United States to Canada, would the minister give consideration to the construction of a hothouse at Cap Rouge, Quebec, to commemorate the planting of the first potatoes on Canadian soil?

FINANCE

ACTION TO CURTAIL INCREASES IN INTEREST RATES

On the orders of the day:

Mr. A. D. Hales (Wellington South): I wish to direct my question to the Prime Minister, Mr. Speaker. Considering the number of complaints that I and many other members of the house, no doubt, have received concerning the sharp increase in interest rates now being charged by all lending institutions, may I ask what the government proposes to do to curtail these increases in interest rates?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we shall be discussing the finance estimates again shortly, I hope.

Mr. Hales: A supplementary question, Mr. Speaker. Would the Prime Minister consider referring this very serious matter to the committee on finance, trade and economic affairs?

Mr. Pearson: I should think, Mr. Speaker, that should the committee feel it would be useful to look into this matter, it would take that action.

[Mr. Simard.]

[*Translation*]

LABOUR RELATIONS

MONTREAL—APPOINTMENT OF ARBITRATION BOARD ON PICARD REPORT

On the orders of the day:

Mr. Roger-E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, I should like to put a question to the Minister of Transport.

In view of the imminent danger of a complete paralysis in the Montreal port which could affect its activities for a long time and the possibility that the house will adjourn soon, does the government intend to take immediately, with all its resources and authority, some steps liable to solve the labour-management conflict delaying the settlement of that collective agreement?

[*English*]

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, considerable effort is being made to see there is no strike. I think the hon. member should refer this question to the Minister of Labour, who has the primary responsibility in the matter.

Mr. Régimbal: May I direct my question to the Minister of Labour. At least one minister believes he knows what he is talking about.

Hon. J. R. Nicholson (Minister of Labour): Would the hon. member please repeat the question? I did not hear the first part of it.

Mr. MacInnis (Cape Breton South): Are you the Minister of Labour?

Mr. Régimbal: In view of the imminent danger of the complete paralysis of the port of Montreal, which would affect the activities of the port for a long time to come, and since there is a possibility that the house will adjourn soon, will the minister initiate immediately with all the resources and authority at his command any proposal to find a solution to labour-management troubles in that port?

Mr. Nicholson: Some days ago, in answering a question put by an hon. member, I think I said that if the two representatives, that of the longshoremen and that of the shipping federation on the conciliation board requested, were not able to agree on a chairman, I would be glad to appoint one. When a report was received by me on Thursday last from the representatives of the longshoremen and the shipping federation that they had not

been able to agree on a chairman, on Friday we approached Associate Chief Judge Alan Gold, of Montreal, and asked him to chair the board. I am pleased to say that on Friday night Judge Gold accepted the chairmanship of the board of conciliation and I understand that he is already at work. I am hopeful that with Judge Gold's experience and prestige in labour disputes, and with men like Louis Laberge and William Baker on the board, they will be able to come to grips quickly with the problems causing the present difficulties.

Mr. Régimbal: As a supplementary question, is the minister now prepared to advance the opposition's suggestion of a long term contract and a permanent industrial relations committee?

Hon. B. S. Mackasey (Member of the Administration): That has been considered, Mr. Speaker. I share the hon. member's interest in the port of Montreal, which I think he will agree should be above petty politics.

[*Translation*]

[*Later:*]

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to direct a supplementary question to the hon. Minister of Agriculture, further to the question put to him by my colleague from Argenteuil-Deux-Montagnes.

Can he tell us whether his department or one of its agencies, such as the Canadian Wheat Board, or the Corn Exchange, have invited foreign shippers to use the Port Cartier or Baie Comeau port facilities, instead of the Montreal harbour, during the next shipping season, in view of the fact the present difficulties between shippers and dockers would make that port unusable?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I doubt that my department has done anything of the kind, but I shall take the question as notice, in case instructions should have been given to that effect.

[*English*]

Mr. Valade: Mr. Speaker, I wonder if the minister would inquire also as to the wheat board and the corn exchange, not only his department but also these agencies?

Mr. Speaker: Order, please.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I wish to direct a supplementary question to the Minister of Labour. Is he aware that according to today's Montreal *Gazette* the hon. member for Verdun (Mr. Mackasey) is now handling the labour matter? I would like to know who is minister of labour?

Mr. Speaker: Order, please.

UNITED NATIONS

VIET NAM—PROPOSED DISCUSSION IN SECURITY COUNCIL

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. In view of reports over the week end that the United States commander in Viet Nam is asking for an additional 200,000 or more troops, thus indicating a further escalation of the disastrous war there, would the government consider asking the Secretary General of the United Nations to place this matter on the agenda of the Security Council immediately, in order to try to bring world opinion to bear on the possibility of a cease fire?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this matter has been considered at the United Nations. It could be considered in the general assembly and the Security Council, but I would point out to my hon. friend that on the basis of the investigation that has been made there is no reason to believe that North Viet Nam or communist China would appear at the Security Council.

Mr. Lewis: As a supplementary question may I ask the right hon. gentleman whether it would not be possible at the Security Council to discuss the matter on a world wide basis; and can the right hon. Prime Minister be so certain that either or both of these countries might not be induced to appear if the matter was discussed by the Security Council?

Mr. Pearson: It would hardly be in a world wide framework if one quarter of the world's people were not represented in the Security Council at the time of the discussion. I should also point out to my hon. friend that the Secretary General, who is always anxious to use the United Nations, as we all are, whenever possible, has taken the position that this is still a matter for the Geneva conference to decide before the United Nations.

Mr. David MacDonald (Prince): As a supplementary question will the Prime Minister

inform the house whether the government has expressed any opinion with regard to the enlargement of forces in Viet Nam, particularly as it might affect Cambodia and Laos?

Mr. Pearson: Mr. Speaker, this is a question based on newspaper reports which we have not yet had confirmed by any official source.

FINANCE

REPORTED STATEMENT BY TRADE MINISTER ON CORPORATION TAX SURCHARGE

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address this question to the right hon. Prime Minister. Was the Minister of Trade and Commerce expressing the view of the government when he said in Halifax that the 3 per cent surtax on corporation levies is a decentive to industry, and that confidence in the country's economy has been shaken by the deficits this country is experiencing?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the hon. gentleman is quoting, of course, from a newspaper account.

Mr. Hees: Would the right hon. Prime Minister lean slightly to his left and confirm with the Minister of Trade and Commerce that this is exactly what he did say?

Mr. Speaker: Order, please.

CONSUMER AFFAIRS

INVESTIGATION INTO GROCERY RETAILING IN WESTERN PROVINCES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct this question to the Minister of Consumer and Corporate Affairs. In view of the minister's announcement over the week end that he has instructed the combines investigation branch to investigate the grocery retail business on the prairies, can he tell us what powers he has given in connection with this investigation? Can he also say whether it will cover the whole of the country, in view of the fact that the grocery retail business is nation wide?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, if I may I should like to clarify the assumption in the hon. member's question. I said I had asked the director of investigation and research to examine the allegations set forth in the particular chapter of the Batten report relating to the grocery industry in western Canada, and that if he were to find substantiation for those allegations he should on his own motion begin an inquiry.

At the moment a formal inquiry is not under way. The officials of the department and the director of investigation and research are investigating those allegations.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a supplementary question to the Minister of Consumer and Corporate Affairs. Is the minister, as he suggested in Calgary, prepared to meet with the three provincial premiers with regard to this matter and recommend that there be a reference to the restrictive trade practices commission with regard to the high cost of groceries in western Canada?

Mr. Turner: The hon. member will recall that I mentioned I had invited Judge Mary Batten to Ottawa. She will arrive on Tuesday night and meet with me and the officials of my department on Wednesday. I would, of course, be willing to meet the three premiers at any time to discuss the matter. The royal commission was commissioned by them, and Judge Mary Batten and her two fellow commissioners reported to them. After they have had an opportunity to review the report they might wish to approach me on the subject.

Mr. Woolliams: Will the minister not take the initiative and ask to meet with the three premiers with regard to such an important matter as the high cost of living and the high cost of groceries?

Mr. Turner: I think the hon. member would expect me to review the report in some detail before I took any such action.

Mr. David MacDonald (Prince): Mr. Speaker, is the minister in a position at the present time to say whether he has given serious consideration to a similar study which would affect the maritime provinces and Quebec?

Mr. Turner: This commission was undertaken on the instructions of the three provincial governments. I see no reason that the premiers of the maritime provinces, if they saw fit, might not undertake a similar inquiry.

Mr. Bell (Saint John-Albert): Who will pay for it?

[*Later:*]

Mr. H. W. Herridge (Kootenay West): I wish to address a belated supplementary question to the Minister of Consumer and Corporate Affairs. When he is discussing this report with respect to price increases in the prairie provinces, will he ask those who are particularly concerned to inquire as to the direct relationship of the people who own these chain stores with fruit wholesalers and brokers who sell our British Columbia fruit?

CRIMINAL CODE

INQUIRY AS TO FREE VOTE ON ABORTION AMENDMENT

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is for the Prime Minister. In view of the present state of confusion which exists with regard to matters of confidence, would the Prime Minister indicate if the vote on the proposed Criminal Code amendment dealing with abortion will be a free vote or whether it will be regarded as a vote of confidence? I ask this question in the light of the apparent conflicting views of the Minister of Justice and the Minister of National Health and Welfare on this score.

Right Hon. L. B. Pearson (Prime Minister): The matter is under consideration, Mr. Speaker.

GRAIN

OATS AND BARLEY—INQUIRY AS TO FINAL PAYMENTS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct my question to the Minister of Trade and Commerce under whose jurisdiction is the Canadian Wheat Board. Is the Canadian Wheat Board sending out the cheques today, or will the farmers have to wait longer?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I hope to be in a position to make a statement tomorrow about the delivery dates for the cheques for oats and barley, and the amount of the final payment.

TRADE

INQUIRY AS TO SIGNING OF INTERNATIONAL GRAINS AGREEMENT

On the orders of the day:

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I should like to reply to a question and a supplementary question asked last Friday by the hon. member for Provencher regarding the signing of the international grains arrangement.

The international grains arrangement consists of a wheat trade convention and a food aid convention. Thirty two countries have signed the wheat trade convention, including Canada, the United States of America and the other major wheat exporting countries. A significant number of the major importers such as Britain, Japan and the European economic community have also signed. The 17 countries that participated in the Kennedy round grain negotiations and were eligible to sign the food aid convention have done so.

With regard to the supplementary question, the answer is that, as indicated last Friday, Canada does intend to do so. We expect that all of the countries that have signed the conventions will complete ratification procedures by the deadline.

COMPANY OF YOUNG CANADIANS

REPORTED SUBSIDIZATION OF PRIVATE SCHOOLS IN B.C.

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is for the Prime Minister. Following the failure of the C.B.C. to credit the federal government with the financing through the Company of Young Canadians of two private schools in Vancouver as shown on a nation wide television program yesterday, will the federal government correct this omission or will it withdraw its financing from these rather startling schools?

Mr. Speaker: Order. I suggest that the question might be placed on the order paper.

UNITED NATIONS

VIET NAM—SUGGESTED ACTION FOR PROTECTION OF CHILDREN

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, this question is for the Secretary of State for

External Affairs. In view of the serious situation of the children of Viet Nam and their plight as a result of the war, could the minister advise us whether any thought is being given to the evacuation of these children from the war area under the supervision and protection of the United Nations or a subcommittee of that organization?

Hon. Paul Martin (Secretary of State for External Affairs): I do not believe consideration has been given to this matter by the United Nations. However, I will make an examination to see whether this matter is being considered.

EXTERNAL AFFAIRS

VIET NAM—REPORTED RESULT OF U.S. OPINION POLL

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I should like to direct this question to the Secretary of State for External Affairs or to the right hon. Prime Minister. In giving consideration to the suggestion made last Friday by the right hon. member for Prince Albert that this house consider a resolution urging a cessation of the bombing in Viet Nam, would the government take into consideration the newly released public opinion poll which shows for the first time that a majority of the public in the United States is adverse to the involvement in the Viet Nam war?

Mr. Speaker: Order. I suggest to the hon. member that the question he has asked is argumentative.

COMMONWEALTH RELATIONS

RHODESIA—REQUEST FOR REPORT ON RECENT TALKS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the right hon. Prime Minister further to the questions I put to him last week concerning Rhodesia. Is the Prime Minister now in a position to say whether consultations or discussions are still taking place with Great Britain, and whether consultations have taken place with other members of the Commonwealth concerning the Rhodesian situation? Further, would he state whether these consultations concern a tightening of the sanctions on Rhodesia?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, these exchanges are still going on. My hon. friend may have noticed that in Westminster last Friday Prime Minister Wilson rejected a suggestion that there should be an emergency meeting of the prime ministers to discuss Rhodesia, on the ground that it is not likely that any constructive result would come from such a meeting at this time.

This matter is before the Security Council of the United Nations, and I believe consideration is being given to having a meeting of the commonwealth sanctions committee in London.

LABOUR CONDITIONS

MONTREAL—ACTION TO DEAL WITH UNEMPLOYMENT SITUATION

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, reports published just before the week end indicate that the level of unemployment is at a ten year high and that construction starts are at a ten year low in Canada's largest city, the island of Montreal. I should like to ask the Minister of Labour whether he is now proposing a course of action to his cabinet colleagues or whether he intends in the near future to meet with provincial or municipal officials to determine an immediate course of action.

Mr. Speaker: Order. The first part of the question is not in order. The hon. member is asking about communications between members of the cabinet, and that part of the question is not in order.

Mr. Grafftey: Then I will ask the minister whether, in view of the grave situation existing at this time, he intends to meet with municipal and provincial officials in order to determine an immediate course of action.

Hon. J. R. Nicholson (Minister of Labour): The situation is under active study. It has been under study by the branches of government concerned. It is, I may say, a matter of more direct concern to the Department of Manpower and Immigration than to the Department of Labour in accordance with the existing division of responsibilities, but I can assure the hon. member that my colleague, the Minister of Manpower and Immigration, and I are working on this difficult and serious problem.

[*Translation*]

Mr. Grafftey: Mr. Speaker, I wish to put a supplementary question to the hon. Minister of Manpower and Immigration.

Does the minister intend to confer with the municipal and provincial authorities in order to decide on a line of action and remedy the situation?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, this is a general situation with which we are dealing at the moment. We have contracts with the provinces and the municipalities and we are doing all we can.

[*English*]

Mr. Eldon M. Woolliams (Bow River): There are 67,000 people out of work in the city of Montreal, a number equivalent to the whole working force of one city the size of Regina. Will the minister meet with Mayor Drapeau and see whether he can work out a plan to deal with this situation?

[*Later:*]

Hon. George Hees (Northumberland): I wish to address a supplementary question to the Prime Minister. In view of the unsatisfactory answers given by the Minister of Labour and the minister of manpower to the questions asked them in connection with the serious plight of those who are unemployed in the city of Montreal, where the number out of work has now risen to the highest point in eight years, would the right hon. gentleman speak to these two ministers to see whether some more serious attitude toward unemployment in our largest city—

Some hon. Members: Order.

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

NIGERIA—CANADIAN EFFORTS TO END CIVIL WAR

On the orders of the day:

Mr. Heath Macquarrie (Queens): I have a question for the Secretary of State for External Affairs on the war between Nigeria and Biafra. Considering that a member of the Commonwealth is supplying arms to one party in this dispute, can the minister advise whether Canada is taking any initiative within a Commonwealth context to bring to an end this flow of war materials and, hopefully, to the war itself?

Hon. Paul Martin (Secretary of State for External Affairs): I indicated on Thursday last, I believe, that the Secretary General of the Commonwealth, with the approval of most Commonwealth countries, was in the process of mediation, and it was generally felt that his endeavours in this regard ought to be supported.

NATIONAL DEFENCE

NORAD—HOUSE CONSIDERATION OF RENEWAL AGREEMENT

On the orders of the day:

Mr. Andrew Brewin (Greenwood): My question is for the Prime Minister. In view of the importance to Canada of current negotiations for the renewal of NORAD will the right hon. gentleman assure the house that the renewal agreement will be submitted for discussion in this house before it is signed?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I cannot give that assurance. The government will have to take its responsibilities and then submit its decision to the house, as is normally done in connection with these matters.

INQUIRY AS TO PURCHASE OF TRANSPORT AIRCRAFT

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I have a question for the Minister of National Defence. Is it the intention of the Department of National Defence to proceed with the purchase of four Lockheed C-141 Starlifter transport aircraft?

Mr. Speaker: Order. The question ought to be placed on the order paper.

Mr. Crouse: May I point out that there is urgency attached to this question, in view of the fact that defence planners have known since 1965 that they would want about a dozen Starlifters to make the army truly mobile and to refuel Canada's new fighters—

Mr. Speaker: Order please. This appears to be argumentative. The hon. member knows that if in his view there is urgency attached to the matter it can be discussed on the adjournment motion.

VETERANS AFFAIRS

INQUIRY AS TO PAYMENT OF PENSION INCREASES

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): I wish to ask the Minister of Veterans Affairs the following question. When can the war veterans of Canada expect to receive the

much needed 15 per cent increase in their pensions, which was to have gone into effect on January 1 last?

Hon. Roger Teillet (Minister of Veterans Affairs): It will, of course, go into effect as from January 1 as soon as the house sees fit to pass the supplementary estimates.

[*Later:*]

Mr. G. L. Chatterton (Esquimalt-Saanich): May I put a supplementary question to the Minister of Veterans Affairs. On the undertaking of the opposition to deal promptly with the estimates of his department, will the hon. gentleman assure us that those estimates will be brought before the house without further delay?

Mr. Teillet: These estimates are already before the house to be dealt with.

Mr. Chatterton: Can the minister say when they will be brought before the house?

Mr. Teillet: They are before the house now.

FINANCE

INQUIRY AS TO AMENDMENT OF FARM IMPROVEMENT LOANS ACT

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I should like to ask the Minister of Finance whether we can expect amendments to the Farm Improvement Loans Act to be introduced prior to any adjournment which may come about in the course of the next three weeks or so.

Hon. Mitchell Sharp (Minister of Finance): I do not think it will be on the order of business, but of course that would depend on how much longer the house sits. I find it difficult to answer the question.

THE CANADIAN ECONOMY

INQUIRY AS TO STATEMENT ON PRICES REVIEW BOARD

On the orders of the day:

Mr. David Lewis (York South): I should like to address a question to the Prime Minister arising out of a statement he made toward the end of last week, when he said he would be making a statement today on the proposed prices and wages review board. Since the right hon. gentleman did not do so on motions, would he be good enough to inform us when he intends to make that statement?

[Mr. Alkenbrack.]

Right Hon. L. B. Pearson (Prime Minister): I intend to make a speech, if I am permitted, and I will refer to this matter in the course of that speech.

INDUSTRY

SYDNEY, N.S.—ADDITIONAL FEDERAL ASSISTANCE RESPECTING STEEL PLANT

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): I have a question for the Prime Minister. Last Monday the right hon. gentleman indicated that correspondence had been sent to Premier Smith in connection with the Sydney steel situation. As of Friday this correspondence had not arrived. I wonder whether the Prime Minister would check with his office to see whether it was actually put into the mail.

Right Hon. L. B. Pearson (Prime Minister): A letter has gone to the premier, and a telegram was sent to him today asking if he agrees to having it tabled.

REVIEW OF DESIGNATED AREA POLICY RESPECTING ATLANTIC PROVINCES

On the orders of the day:

Mr. Robert McCleave (Halifax): My question is directed to the Minister of Industry. Has the minister yet received the study of the Atlantic Provinces Economic Council showing that the slowest city growth rates in Canada exist in the maritimes, and would he now re-examine the request to have the whole of Atlantic Canada made a designated area?

Hon. C. M. Drury (Minister of Industry): Yes, Mr. Speaker.

EXTERNAL AFFAIRS

WEST GERMANY—OBJECTIONS TO DRAFT NUCLEAR TREATY

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I have a question for the Secretary of State for External Affairs. What position has the Canadian government taken with regard to the objections raised by the government of West Germany to the draft treaty on the non-proliferation of nuclear weapons, particularly in regard to the four further safeguards which the West Germany government has stated to be necessary?

Mr. Speaker: Order. I suggest the hon. member is now asking a question which is

very wide in scope and of the type which should be answered on motions.

Mr. Harkness: With respect, I do not think so. I believe the minister is prepared to state Canada's position with regard to this important matter.

Hon. Paul Martin (Secretary of State for External Affairs): I should like to take this question as notice.

DECISION RESPECTING MEMBERSHIP IN ORGANIZATION OF AMERICAN STATES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I have a question for the Secretary of of State for External Affairs. In view of a reported statement by the Minister of Transport over the week end, is it now a fact that the Canadian government has decided that Canada should not become a member of the Organization of American States?

Mr. Speaker: Order. The question as asked is argumentative.

SHIPPING

REPORT ON ADMINISTRATION OF SMALL BOAT HARBOURS

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): May I direct a question to the Minister of Transport. In view of the large number of requests for copies of the report by Dr. Tom How on the administration of small vessel harbours, and in view of the desire of many people to help the government to arrive at a speedy solution to problems of this sort on the Pacific coast, would the minister reconsider his earlier decision not to make this report public?

Hon. Paul Hellyer (Minister of Transport): I will be glad to think about it. It is, of course, an internal document, but as I indicated what we might do is extract certain of the contents for publication. I will give the question further consideration.

NATIONAL DEFENCE

SUMMERSIDE, P.E.I.—INQUIRY AS TO FUTURE OF BASE

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, about two weeks ago the premier of Prince Edward Island led a delegation to Ottawa which conferred extensively with the Minister of National Defence. I now ask the Prime Minister, inasmuch as this delegation returns tomorrow, whether in view of the very serious economic situation that has developed in Prince Edward Island, particularly this winter, he will be in a position to assure the premier and the members of that delegation that there will be no reduction at this time in the Canadian Forces base at Summerside.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we are making good progress in working out arrangements which I think will be satisfactory to the provincial and federal authorities.

IMMIGRATION

INQUIRY AS TO AMENDMENT OF LEGISLATION

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration. Several months ago the minister indicated to the house that he would be proposing amendments to the act at the earliest possible opportunity. I should like to ask the minister if he is in a position to say whether any amendments will be proposed before the adjournment of the session.

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I think it will be difficult before the present session is adjourned, but I believe that next session we shall propose some amendments to the Immigration Act.

[*English*]

BUSINESS OF THE HOUSE

MATTERS TO BE DEALT WITH BEFORE RECESS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Is it possible for the Prime Minister to indicate to the house what items of business the government has on its list for parliament to deal with before we adjourn or rise for a certain event that some of us have heard about?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we must dispose of this bill, and I hope positively.

Then there are the supplementary estimates and interim supply. Perhaps we could then adjourn, although I know my hon. friend does not want us to adjourn because he wants to save the country from too many speeches,

according to the press this morning. But if we adjourn after interim supply, when we return after the events to which my hon. friend referred we could carry on with the rest of the business that is considered essential.

Mr. Knowles: A supplementary question, Mr. Speaker. Where does the legislation regarding the Canada Development Corporation now stand?

Mr. Pearson: That is important legislation, and I hope we will be able to dispose of the bill before this session finishes all its work. But that may be out of my control.

Some hon. Members: Oh, oh.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, a supplementary question to the government house leader. When does he intend to bring forward the supplementary estimates of the Department of Veterans Affairs so the house may agree to them?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, we worked out an arrangement with the other house leaders with respect to the sequence of the estimates, and it was understood that following the finance estimates we would deal with external affairs and then defence. We would be prepared following that to deal with any other department, including veterans affairs.

Hon. George Hees (Northumberland): Mr. Speaker, I have a supplementary question for the Prime Minister. Will the date of parliament's return be set before parliament adjourns for that certain event, or will it be set by the new prime minister when he is chosen?

Mr. Pearson: Oh no, Mr. Speaker, it should be set for quite early in April.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to put a question to the right hon. Prime Minister.

Could he tell us whether Bill No. C-186 is still on the government list of priority measures to be passed this session?

[*English*]

INQUIRY FOR RETURN

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I direct a question to the parliamentary secretary to the Secretary of State. On November 1, 1967 an address was passed for documents in relation to the control of pollution in the Ottawa river, and on December 20, 1967, a further address for documents in relation to the development of the national capital area. I wonder whether the hon. gentleman would see what can be done to expedite the tabling of these documents.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I will look into it immediately. I am advised that we have asked for authorization to table those documents.

[*English*]

AIR CANADA

WINNIPEG—REQUEST FOR STATEMENT ON OVERHAUL BASE

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is to the Minister of Transport. In view of the minister's triumphant week end on the prairies, and particularly in Winnipeg, is he now in a position to ice the cake by announcing his plans for the future of the Winnipeg air base and the government's regional air policy?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I shall continue to make every effort to reach a satisfactory solution. It is not possible to make an announcement at this time, but I can assure my hon. friend that a great deal of time and effort is being expended to make an announcement at the earliest possible date.

INDIAN AFFAIRS

INQUIRY AS TO REDUCTION IN HEALTH SERVICES FUNDS

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of National Health and Welfare. As a result of the financial crisis faced by the government of Canada, are funds for Indian health services in the provinces being curtailed on the same scale as those in respect of northern health services for Indians and Eskimos in the Yukon and Northwest Territories?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I will be glad to take this question as notice.

CANADIAN FILM DEVELOPMENT CORPORATION

INQUIRY AS TO ESTABLISHMENT AND OPERATION

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is to the Secretary of State. Inasmuch as the house did not sit on Sunday I did not have the opportunity to wish the good lady a happy first anniversary of the giving of royal assent to the Canadian Film Development Corporation legislation. I wonder whether now, a year later, the government has appointed the officers of that corporation.

Hon. Judy V. LaMarsh (Secretary of State): Yes, Mr. Speaker, the government has, but the announcement has not yet been made.

FINANCE

PRINCE EDWARD ISLAND—REQUEST FOR MORATORIUM ON FARM DEBTS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to direct a question to the Minister of Agriculture and ask whether negotiations are in progress between the government of Prince Edward Island and his department with a view to instituting a moratorium on debts payable by farmers in Prince Edward Island to the Farm Credit Corporation, due to the depressed economic situation of agriculture in that province.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I know of no specific and current negotiations with the provincial government at this time on this question, but the Farm Credit Corporation, as I understand it, does have authority to postpone payments in a year when prices and returns to farmers are inadequate. I feel very certain that if things are of this critical nature they will give very serious consideration to such requests.

INDUSTRY

FEDERAL ASSISTANCE IN DEVELOPMENT OF ALBERTA TAR SANDS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, on Friday last the Minister of Energy, Mines and Resources and I had a tête-à-tête about the Athabasca tar sands, and the minister indicated he would give consideration to making a statement about this. I wonder whether he has come to a conclusion about it.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, there is not enough material on which to make a statement. This is only an interesting project, and that seems to be all there is to say about it at this time.

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

On the order:

Second reading of Bill C-207, an act to amend the Income Tax Act—the Minister of Finance.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I should like to make it clear that I do not wish to make life difficult for Your Honour; neither do I wish to bore the house with a procedural discussion.

Some hon. Members: Hear, hear.

Mr. Knowles: I thought that was a way in which I could get applause. Nevertheless it does seem to me that there is a point that should be decided by Your Honour, if not for the sake of the debate on which we are now about to launch, then it should be decided for the sake of the future. We have learned around here that precedents can sometimes get established very easily, and once we have them they become binding for a long time to come.

• (3:30 p.m.)

I would point out that there are quite a few citations in the authorities regarding the house being asked again in the same session to decide on something on which it has already made a decision. I will not take the time of the house to read all of these citations but I will quote a couple of them just to have them on the record in this context. Citation 200(1) at page 167 of Beauchesne's fourth edition reads as follows:

An old rule of parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the house." Unless such a rule were in existence, the time of the house might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

The other citation to which I would draw your attention is citation 163 at page 137 of Beauchesne's fourth edition, which reads as follows:

A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question shall be offered which is substantially the same as

one which has already been expressed in the current session. It is possible, however, so far to vary the character of a motion as to withdraw it from the operation of the rule.

I read the whole of that citation not only to be fair but because it was the last sentence on which the chairman of the committee of the whole relied when he made his ruling on an amendment proposed over a year ago by the then minister of transport, Hon. J. W. Pickersgill. You Honour will remember that that decision of the Deputy Speaker, which had been given after a great deal of study and thought, was appealed to you. You had to go through the same process again and you ruled that the amendment was out of order. It was your opinion that the substitute proposition offered by Mr. Pickersgill was not sufficiently different from the one that had been defeated for it to be allowed for presentation to the house in the same session.

Having made reference to Your Honour's ruling in 1967, may I indicate for the record that it is to be found at pages 12269 and 12270 of *Hansard* for January 26, 1967. What we had before us then was an amendment to a bill with which we were dealing in committee of the whole, and therefore Your Honour relied on citations which dealt with amendments. I believe Your Honour will agree that the same principles apply to a bill which is being offered in the place of one that has been defeated. You pointed out that there were citations at page 549 of May's seventeenth edition and at page 285 of Beauchesne's fourth edition, citation 406(c), for example, which say that amendments are out of order if they are inconsistent with the decision which has been given upon a former amendment. You went on to say that even though hon. Mr. Pickersgill had brought in an amendment which varied from the former one, in your view it was inconsistent with the former decision and that the committee could not be asked to make the same decision in reverse.

Therefore it seems to me we have to be concerned about what we are being asked to do today. The order has been called for second reading of Bill No. C-207 which, as everyone in Canada knows, is the government's replacement for Bill No. C-193. Some of the facts about this bill should be noted. There are eight clauses in Bill No. C-207. I have not read every last line of the bill but I have checked the clauses closely and I have made all the necessary comparisons. I find that clause 1 of Bill No. C-207 is a brand new clause. It bears no relationship to anything

[Mr. Knowles.]

that was in Bill No. C-193. So far, so good. Clause 2, however, seems to me to be clause 1 of the former bill, verbatim. Clause 3 of Bill No. C-207 is clause 2 of the former bill, verbatim. Clause 4 of Bill No. C-207 is clause 3 of Bill No. C-193, verbatim. Clause 5 of Bill No. C-207 is similar to clause 4 of the previous bill but its similarity is a little short of identity. Clause 6 of the new bill is a brand new one. It is completely different from anything that we had before us in the previous bill.

Then we come to clause 7 which is the contentious one having to do with a temporary surtax. I remember there was a little discussion on these words on February 19. It is true, and I do not argue with it at all, that clause 7 is in many respects different from the similar provisions of the previous bill. May I take a moment to indicate what some of these differences are. In the previous bill the surtax was only on individuals. In this bill the surtax is on both individuals and corporations. In the previous bill there was a floor of $100 of income tax before the surtax applied. In this bill the floor is $200. In the old bill the rate was 5 per cent; in this bill the rate is 3 per cent. In the old bill there was a ceiling; in this bill there is no ceiling. This bill provides the surtax for only two years; in the former bill there was no time limit. I can see that a pretty good case could be made procedurally for this clause being different from the corresponding clause in the other bill, and if all this bill did was to bring in a new style of surtax in place of the other one I agree that one would have a hard job trying to argue that it was the same proposition. It is not impossible to argue that way, but it would be difficult.

I move on to clause 8 of the new bill and I find that it is identical with clause 6 of the previous bill.

To sum up, there are eight clauses in this bill of which two are brand new, two are similar and four are identical. It is like the bishop's egg, and I do not quite know what Your Honour will do with it. When on February 19 the house voted against third reading of Bill No. C-193 it voted down the whole bill. Your Honour, as a member of parliament, knows what went on in committee of the whole but as Mr. Speaker your only concern is what happened in the house, and in the house Bill No. C-193 in its entirety was defeated. I recognize that those clauses in Bill No. C-207 which are identical with clauses in Bill No. C-193 were not contentious. Your

Honour knows it, but I am telling you anyway that these were the clauses which went through the committee of the whole with little or no debate, and certainly without any votes being called on them.

The most contentious clause was the one which had to do with the surtax. There was a vote on that clause in committee of the whole, and I am free to admit that when most of us voted against the third reading of Bill No. C-193 we were directing our vote mainly against the surtax. The fact is that the bill was turned down in its entirety and now we have before us a bill containing eight clauses, four of which are identical reproductions of clauses in the bill that was defeated, two more of which are similar and only two of which are brand new.

• (3:40 p.m.)

If there were a way to separate these various clauses, Mr. Speaker, I do not believe the house would mind giving unanimous consent to the introduction of the clauses that we do not oppose, that we did not contest on the previous occasion. I can see that a ruling could be made that the clause on the surtax is different but I am concerned about the future if this bill is allowed to be presented for second reading without any comment, any protest or any qualifications. I have been around here long enough to know what will happen if this bill is allowed to be presented without any objection. A session or two or a parliament or two from now, some other government will want to introduce a bill replacing one that has been defeated, and Bill C-207 as substituted for Bill C-193 will be cited as a precedent. It will be said that it was done in March, 1968, so it can be done again. This kind of situation must be avoided, and that is why I raised this point of order.

I have tried in this presentation not to make things too difficult for you. I have tried also not to take a position to the effect that we cannot proceed with this legislation. I take the position, as do my colleagues, that we have no objection to the clauses that we opposed before being brought back again. On the other hand, we opposed the surtax previously and we are going to vote against it this time. We are not unwilling for the house to be asked to consider this surtax provision because of the fact it is reasonably different from the provisions of the previous bill, but we hope the house will vote against it, as it did on February 19.

This is the problem as I see it, Mr. Speaker, and I place it on your doorstep, conscious of the fact that you realize how important it is that our precedents be ones that will not make difficulty in the years that lie ahead.

Mr. Eldon Woolliams (Bow River): Speaking personally on this matter, Mr. Speaker, I join the hon. member for Winnipeg North Centre (Mr. Knowles) on his statement of the facts to you and the authorities he has mentioned. I should like to set out briefly the similarity between the railway bill and the one now before the house which imposes a surtax. Before doing so may I point out that the most important thing to keep in mind is that a question having once been moved and carried in the negative or affirmative cannot be revived again and must stand as a decision of the house. We have heard a lot about the waste of time in parliament, and that is one of the reasons for this rule. Once a decision has been made on an important matter the government cannot keep dragging it in and forcing parliament to make another decision upon it.

In order for the government to get around the problem so ably presented by the hon. member for Winnipeg North Centre, Your Honour has to consider citation 163 which reads as follows:

> A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question shall be offered which is substantially the same as one which has already been expressed in the current session.

My submission is that a surtax is a surtax and a change in the rate of the tax from 3 per cent to 5 per cent or from 2 per cent to 7 per cent would be a mere alteration which would not affect the rule that once a judgment has been made it has been made. I feel that Your Honour is going to have some difficulty, if you permit the house to proceed with this bill, in being able to distinguish the decision you make this afternoon from the one you made in connection with the railway bill. What was that decision? The former minister of transport, Mr. Pickersgill, introduced changes in the Railway Act concerning the Crowsnest Pass freight rates. This provision was defeated in committee and the next day he dragged in another amendment which changed the words "Crowsnest Pass freight rates" to statutory rates. The hon. member for Winnipeg North Centre, the hon. member for Winnipeg South Centre (Mr. Churchill), the right hon. member for Prince Albert (Mr.

Diefenbaker), and I objected on that occasion. The chairman ruled against us.

When Mr. Speaker resumed the chair he reviewed our arguments as well as the decision of the chairman. He found that the new amendment was substantially the same as the original amendment to the bill in question. Your Honour ruled, therefore, it was a matter that could not be decided again in the same session, so the amendment was ruled out of order. This government failed the first time to get a favourable judgment on a surtax of 5 per cent so they have now reduced it to 3 per cent. The reason this party voted against the surtax last time was not so much because of the amount of the tax but because we felt the government would not cut down its expenditures. We say this country does not need a surtax. If the government had kept its financial house in order it would not have needed a surtax. However, they are back again with the same question, a surtax. This is the fundamental part of the bill before us. It is the same horse being trotted out again before parliament. I do not believe that the government is on sound ground so far as this bill is concerned.

The hon. member for Winnipeg North Centre has carefully set out, and I am not going to review again, those sections of the bill which are identical and those that are not identical. The sections that are identical are the meat of the bill which we are going to discuss this afternoon, namely, the surtax. The surtax is needed because the government is in difficulty financially and it is in difficulty financially because it would not put its house in order. This is the position we have taken in the past and it is the position we are going to take now. It seems to me the government is asking that something be done again because it was unable to win a vote in the house on a previous occasion.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, when this matter was discussed at the resolution stage there was a preliminary objection to the presentation of the resolution. I was not present at that time. I should like to ask Your Honour, even at this late date, to examine the situation with regard to the question of notice for the taking up of that resolution. If memory serves me right, the two instances in which this particular general procedure was adopted occurred in 1957 and again in 1962 when I occupied the chair Your Honour now occupies. There was never any question of notice, so those occasions were not precedents and may not be germane. I share with the hon. member for Winnipeg North Centre (Mr. Knowles) and my colleague, the hon. member for Bow River (Mr. Woolliams), the grave concern for the precedent that may have been established on this particular occasion.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I am sure Your Honour has probably anticipated this point coming up and has canvassed the rules. However, I would refer Your Honour to page 126 of Beauchesne's fourth edition, citation 148, which reads:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session is, without being offered, its merits might be discussed again and again.

I ask Your Honour to try to anticipate the course that this debate will take and ask yourself this question: Will we be retracing our steps and reviving a discussion which took place on a previous occasion in this session with regard to the particular issue which is before the house?

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to support the points of view that have been put forward by hon. member who have spoken. I think we are justified in showing concern with regard to the setting of precedents in the House of Commons. There are plenty of people who think they are unimportant, but the experience of the last few days has shown that they are vital to the operation of this institution. If it seems wise to Your Honour to rule that the present bill is acceptable and if the bill should subsequently be defeated on second or third reading, I suggest it would then be open to the government to bring in yet a third bill with a slight modification in the percentage rates sought for surtax purposes. This is the danger that I see. There could be a repetition of several bills in a session, each with slight variations to permit a government to extricate itself from some difficulty.

• (3:50 p.m.)

I consider that the arguments that have been presented cover the ground thoroughly and are an expression of the point of view that is held by many members in this house. I simply add, Mr. Speaker, that an opposition has only the protection of the Speaker and the rules in order that its position may not be downgraded to one which would make the opposition very inferior in the House of Commons.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I should like to begin my comments on the point of order by referring to the nature of the motion to which this particular bill is now related but without making any comment about the constitutional aspect of the situation that developed on that Monday night.

It is quite clear, Mr. Speaker, that the motion which was then before the house and which is now mentioned as a possible barrier to our proceeding with this bill was the simple motion that the bill be now read a third time and do pass. I have examined the Canadian authorities, both Beauchesne and Bourinot. I have also examined the precedents of the house. I suggest that it was open to the government to make a motion to revive that particular bill at that time. The Minister of Justice in his statement made this argument, though the hon. member for Winnipeg North Centre disagreed with it.

I think there is a very strong case to be made in support of the argument advanced by the Minister of Justice that the motion at that time was a simple motion and that the operative word in the motion was the word "now". It was open to the government to move that the bill be given third reading at a later time. This is a very important point, and there is quite a bit of evidence to be found in the authorities to support the argument made by the Minister of Justice.

In this particular instance, however, I do not intend to lay the weight of the procedural argument on this particular point because the essence of the argument of the hon. member for Winnipeg North Centre is that the house has already taken a decision on this question and therefore it cannot be brought back again in the same session. In substance that is the basis of the problem before the Chair.

As I say, Mr. Speaker, I have examined some of the authorities. I have examined the bills and I have examined some precedents. First of all, I want to outline to the house the principal difference between Bill No. C-193 and the bill now before the house. The new bill proposes a different scheme of taxation. It should be apparent to hon. members that the surtax in the previous bill rested solely upon the individual taxpayer. There was no surtax payable by corporations. In this particular bill there is a new scheme of taxation because the incidence of taxation has been shifted partly from the individual income taxpayer and placed upon the corporations. Certainly this involves a very new element and is a new and substantial aspect of this bill.

The surtax on corporations and individuals proposed by the new bill differs from the previous surtax on individuals not only in the essential matter of the incidence—and the essential matter of the incidence is a shift, in part, from the personal income taxpayer to the corporate taxpayer—but also in its rate, its maximum and minimum amounts and its proposed duration. The surtax on individuals is proposed at a rate of 3 per cent compared with a surtax at a rate of 5 per cent. The proposed surtax on individuals is on basic tax in excess of $200 compared with a surtax in the former bill on basic tax in excess of $100. The proposed surtax will not apply to taxable income under $1,643; the surtax in the former bill would have started to become payable on taxable income in excess of $909. The proposed surtax on individuals will have no ceiling; the surtax in Bill No. C-193 would not have exceeded $600.

The proposed surtax on individuals will apply for the taxation years 1968 and 1969 only; the surtax proposed in Bill No. C-193 was intended to be temporary but was not restricted to specific years. A surtax of 3 per cent is proposed on corporations for 1968 and 1969; the former Bill No. C-193 did not provide for such a tax.

The resolution preceding the bill and the bill we are now considering which is based on that resolution propose that corporations be required to move forward by two months the period during which they pay their income tax for a year. But the payment schedule to be followed by corporations in changing to the new payment period differs from that proposed in Bill No. C-193. Instead of making ten payments for their first taxation year starting after November, 1967, each of which would be one-tenth of their estimated tax, corporations will be required to make five payments, each of which is equal to one-fifth of their estimated tax.

Finally, Mr. Speaker, the bill and the resolution on which it is based propose that the 10 per cent of income limitation on the amount deductible as a charitable donation be removed with respect to donations to a province, thus bringing the deduction of such donations into line with that allowed for donations to the federal government. In addition, Mr. Speaker, it proposes that the present right to carry forward for one year any amount by which charitable donations in a year exceed the maximum deductible in that year be extended to apply to donations made to a province or to the federal government.

This provision was not in the former bill at all.

So it seems quite apparent, Mr. Speaker, that not only is there a different scheme of taxation proposed in the new bill, specifically and basically with reference to its incidence, but there is also a range of differences that are very important to the population of Canada, to corporations and to individuals. Therefore we can argue that these provisions are different.

As Beauchesne says in his fourth edition, there is no rule which restrains the presentation of two or more bills relating to the same subject and containing similar provisions. But if a decision of the house has already been taken on one such bill, for example, if the bill has been given or refused a second reading, then the other is not proceeded with if it contains substantially the same provisions. I am arguing that the provisions in the bill before us are not the same in substance as the provisions in the former bill because in the second bill a scheme of taxation entirely different in character is proposed.

Mr. Knowles: Would the minister permit a question?

Mr. MacEachen: Mr. Speaker, I would be glad to answer a question later. In the same citation Beauchesne says:

• (4:00 p.m.)

On consideration of the Profiteering Bill as amended, in session 1919, a member asked whether clause three of the bill was in order, as it was substantially a repetition of a bill which had been rejected on second reading; but the Speaker held that the house could revise a decision, provided that it was not asked to disagree with the same question.

That is paragraph 2 of citation 373, Beauchesne's fourth edition, page 273.

On looking at May's seventeenth edition one finds that Beauchesne used May as a source. At page 518 of the seventeenth edition May repeats the same rule:

There is no rule or custom which restrains the presentation of two or more bills relating to the same subject, and containing similar provisions—

On the following page there is another interesting paragraph. As Your Honour pointed out the other day, May's seventeenth edition is fairly recent, having been published in 1964. On page 519 the following paragraph is found:

Objection has also been taken to a bill on the broader ground that it raised a question which had been previously decided by the house in the course of proceedings on another bill of the same session.

[Mr. MacEachen.]

Then May goes on to say:

Such objection has rarely been found capable of being sustained.

Then he lists a number of cases. The last case is very clear. It deals with this subject:

When the latter bill contained a portion only of the earlier rejected bill—

I am arguing that there are differences in substance in the provisions of the two bills. I am also relying on this particular instance which May cites when he says on page 520:

When the later bill contained a portion only of the earlier rejected bill.—The Local Government Provisional Order...Bill, 1914, was allowed to proceed, although it contained one of the orders contained in the Local Government Provisional Orders ...Bill...which had been rejected in the session of 1914.

Here we have several new elements. Even if we brought forward the same bill and put in a new part one we would gain some support from this particular paragraph in May to argue that it was in order.

I want to refer to two precedents in the British house which are very much on point. I have not done the research that others have done on this matter but there is a case that May refers to in the British house on August 14, 1919. It is found on page 1718 of the British parliamentary debates. An amendment was proposed and one member of the house, Sir G. Younger, rose on a point of order. He said:

Before this amendment is moved may I ask whether clause 3 as it stands is not really a repetition of the Municipal Authorities Enabling Bill which was rejected in this house on second reading, enabling authorities by order of the Board of Trade to establish businesses and does the clause not put into this bill what was actually refused a second reading by this house at the beginning of the session?

The Speaker ruled as follows:

It is sometimes found that second thoughts are best.

I am sure the Minister of Finance may find food for thought in that comment. Mr. Speaker went on to say:

It is open to the house to revise its decision provided that it is not asked to agree to or disagree with identically—

I emphasize "with identically".

—the same question. That is not the case here.

Mr. Lambert: Rewriting a paragraph and inserting new commas does not change something from being identical with something else.

Mr. MacEachen: As Mr. Speaker said then, if he were asked to give an opinion on identically the same question the matter would then be out of order. That, clearly, is in his ruling.

There is another case in the British house. I will not read it all but it is to be found on August 3, 1920. At page 2206 of the British proceedings Mr. Palmer, rising on a point of order with regard to an amendment to a motion then before the house, said in part:

> My point is this, that this house, having come to the decision early in the year to enact these regulations only until 31st August, or peacetime, whichever came the sooner, this house is not competent to act on that decision, and by a bill of this kind to extend the regulations with regard to shops for another 18 months; that it is a rule of this house that the house having come to a decision, cannot reverse, alter or override that decision within the same session.

That is the point the hon. member for Winnipeg North Centre put to the Chair. The Speaker on that occasion said:

> I do not think that can be strictly applied in a case of this sort, for, even assuming the house had in its mind that these regulations in the first instance should continue only until 31st December, it was quite open to the house to reconsider the matter, and to extend that period. It might have done it by an amending bill in the same session. There is nothing to prevent that.

Another member who was then present, Major Nall, said:

> May I ask whether it is, in that case, competent for this house actually to reverse in the same session, a decision arrived at in the early part of the session?

The Speaker gave his decision and said:

> The house must not be asked to consider the proposition in exactly the same terms;—

Those are the words he used, "exactly the same terms."

> —that is to say, I ought not, if I observed it, to put identically the same question twice. The house having come to a decision, I ought not to put identically the same question—

Again we see the words "identically the same question".

> —again to the House, so that the House could have an opportunity of reversing its decision. In this case, there is no question which I have put from the chair which could be regarded as identically the same as that upon which the house has already pronounced.

I suggest to Your Honour that this question, if it is put, will not be identically the same as the previous question. I have indicated that there is a difference in the scheme of taxation and in the incidence of taxation. The burden of taxation is being shifted in part from the individual taxpayer to the corporation. There are differences in ceilings, in floors and in rates as well as in other aspects. My argument, based on the precedents I have just cited, is that in proposing this particular bill the government is, of course, proposing a bill which is related to the same subject and which contains similar provisions. Of course that is so, because both bills relate to taxes and surtax. But there is no rule against that. I have cited the authorities. A bar would be raised against the government in proceeding with this bill if the house, when the Chair put the question, were asked to decide on exactly the same question or on identically the same proposition. That is what British Speakers have held.

Mr. Baldwin: How do you regard a surtax of 4.99 per cent?

Mr. MacEachen: I have put forward my points after considering the authorities. I am not resting the case on the nature of the question which was defeated. I am resting my case on the simple argument that the house, when the Chair puts this question, will not be asked to deal with identically the same question that was contained in Bill C-193.

• (4:10 p.m.)

Mr. Knowles: Would the minister permit a question or two? First, may I ask him if he will address himself to the fact to which I drew the attention of the house, namely, that there are four clauses in the new bill which are identical with four clauses in the previous bill? He knows that I admitted there are differences in the surtax, and I outlined them as well as he did, but will he deal with the fact that there are four clauses in the new bill which are identical with four clauses in the old bill? Will he also address himself to this fact? He gives citations and says it is possible to bring forward part of a former bill that has been defeated, but would he recognize that this new bill does not leave out anything that was in the former bill?

An hon. Member: Address the Speaker.

Mr. Knowles: I am addressing the Speaker but I am putting a question to the Minister of National Health and Welfare and I would like his undivided attention. I enjoy it better that way.

Some hon. Members: Oh, oh.

Mr. Knowles: Will he face the fact that what is proposed in this bill is not to bring forward parts of what was in the former bill?

It is all here, everything that was in the former bill. There is not a clause that is missing. Some of it has been changed, but this is not just partially the old bill. It is all of it, and a couple of new things have been added.

Just one other question, Mr. Speaker. When the minister cites Speakers' rulings from Westminster will he face the fact that our Speaker on January 26, 1967, ruled it was not only identity that mattered but also similarity and the necessity not to infringe on the rule that the house must not be asked to do something that is inconsistent with a former decision?

I submit that what we are being asked for in this bill is to re-enact the whole of Bill C-193, with a couple of changes and additions, and we are being asked to make a decision which clearly in four cases, and almost so in other cases, is inconsistent with the decision we took on February 19.

Mr. J. H. Horner (Acadia): Mr. Speaker, I will be brief. The question has been dealt with at length by members more learned in the rules of the house than I but I would like to point out the difficult position that you are in and I would like to refresh your memory on a ruling that you made on January 26, 1967.

Mr. Speaker: Order, please. I would advise the hon. member of the rule against repetition. This has already been brought to my attention.

Mr. Horner (Acadia): I will endeavour not to be as repetitious as perhaps you think I may be. The Minister of National Health and Welfare (Mr. MacEachen) has stated that he thinks this bill is not identical with the previous one and therefore should be accepted, but I would like to point out what Your Honour said on January 26 last year, as recorded on page 12270 of *Hansard*:

> The minister this afternoon showed that in the one case there is a mandatory review, and in the other case what he calls a facultative review. In the one case there is a one-shot review; in the other a continuing review. These, I admit, are substantial changes—

Those are your words.

> —and I might even be prepared to admit that the objectives of the original clause and of this amendment may differ. But from my limited understanding it seems that the adoption of the amendment would reinstate in part—

This is the important point.

> —a clause which has already been rejected in its entirety by the committee.
>
> [Mr. Knowles.]

You then went on to reject the amendment offered by the minister of transport of that day, saying that it proposed to reinstate a clause which had already been rejected. In that case you referred to substantial changes and to differences between the objectives of the original clause and the amendment. In this case we have not got a substantial difference. We have not got an objective that is different. Some four clauses are going to be reinstated and in fact the entire old bill is included in new Bill C-207. I cannot see Your Honour ruling in any other way than you did on that occasion and saying anything else but that this bill is out of order.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I listened with interest to the remarks of the Minister of National Health and Welfare (Mr. MacEachen) about the point of order now being discussed.

At the outset of his remarks, the minister seemed to suggest that the motion before the house on Monday, February 19 last was that the bill be now read for the third time. But he forgot to add that when the Speaker calls for the question, he also asks us that the bill be now read the third time and passed. The minister did not add the words: "Agreed to and passed".

Now, what was the answer of the house? It was of the opinion that the bill be not now agreed to. It was not merely a matter of saying "now". The opposition did not introduce any amendment to say in six or eight months. The opposition simply voted against the bill, and rejected it.

In addition, the Minister of National Health and Welfare feels that there are some differences between Bill No. C-207 and the former Bill No. C-193. He says: Bill No. C-207 does not only apply to individuals, like the former bill, but also to corporations. Now, that part concerning individuals, namely the surtax on personal income tax was defeated with Bill No. C-193.

If the Minister of National Health and Welfare maintained that the new bill only applied to corporation income tax, then it would be different. But he adds corporations only to be in a position to include the 3 per cent on personal income tax. It only means that he adds, in the same sentence, part of what has already been rejected in Bill No. C-193, and other things, so that what has already been rejected can be agreed to.

If the minister wishes to introduce a bill affecting only the profits of corporations, it is all right. But by adding "on the income of individuals", he adds something that has been rejected.

Mr. Speaker, the Minister of National Health and Welfare finds a second difference. The new bill says 3 per cent instead of 5 per cent. Under such conditions, we could proceed ad absurdum. The Minister of Finance (Mr. Sharp) could just as well propose 4.9 per cent, and that would have been different as an expression. Why 3 per cent instead of 4½ per cent? Why 3 per cent instead of 4 per cent? One has merely to change the figures.

So, if the new bill is defeated, the Minister of Finance can try again by suggesting a temporary surtax of 2, 4 or 5½ per cent. The object of the vote would still be a temporary surtax, but with a different rate. By so doing, we could vote during the same session or even two years in a row, on temporary surtaxes of 2, 2¼, 2½, 2¾, 2⅞, and 3⅛ per cent, and it would always be the same bill. The government would only have to say: This is not a confidence vote, and it could try again until the opposition was exhausted and the rate had reached 11 97/98 per cent. Then, Mr. Speaker, this would become quite repetitive.

The third difference mentioned by the Minister of National Health and Welfare is that this temporary surtax would apply to any taxable income exceeding $200 instead of $100.

• (4:20 p.m.)

There again, Mr. Speaker, I claim the bill is no different in its presentation. Instead of $100, the minister could have specified $101, $102, $105, $109.10, and so on, ad absurdum.

Moreover, it may be related that a precedent was set by the house in 1962, following a ruling of the hon. member for Edmonton West (Mr. Lambert) who, at the time, was Speaker. A Liberal member had proposed an amendment to the effect that third reading of the bill be given a six-month hoist. As I strongly opposed the principle of the bill and thought that six months was not long enough, I proposed a subamendment to postpone the third reading of the bill not for six months but twenty years. At that time, the Speaker had stated that the question to be decided was not by how long the third reading should be postponed, but whether or not it should be postponed, and that postponing it by six months, eight months, ten years or twenty years was not the crux of the problem; it was a matter of determining whether the bill should be read for the third time, or whether third reading should be postponed to a later date. The amendment mentioned six months and my subamendment said twenty years. It was then declared that my subamendment was not in order, because the main purpose of the amendment was to postpone the third reading for six months.

The same thing happens here: whether it is 3 per cent instead of 5 per cent, or $200 instead of $100, this does not constitute a difference or a change in the principle.

The hon. Minister of National Health and Welfare suggested a fourth difference to the effect that the first bill mentioned a temporary surtax without specifying when it would end while the new bill states that it will stop inevitably in two years. What was not specified in the previous bill is now spelled out by the Minister of Finance in Bill No. C-207. Under the previous bill, we knew that the temporary surtax would be levied for a period of two years but it was not specified, while it is specified in the new bill.

Therefore, I contend that there is no difference between Bill No. C-207 and Bill No. C-193 as to the substance. There is simply a difference in the figures. If we accept the idea that a simple difference in the figures constitutes a difference in the nature or in the substance, then, Mr. Speaker, we let ourselves open to repetitive amendments because, in the future, it will be possible to present amendments to postpone the consideration of a bill for six months, seven months, eight months and nine months and two days.

The hon. Minister of Finance does not propose any basic difference. Both bills are similar in all respects. The minister has sweetened the pill a little but the vitamins are still there. Honey has been added to the cod liver oil or castor oil but the people will still have to swallow the same medicine. It is the same sweetening, but when you swallow the pill, the result remains the same.

Mr. Valade: It is arsenic.

Mr. Grégoire: For those reasons, Mr. Speaker, I contend that the bill is the same as the one which has already been presented.

Those are the remarks which I wanted to make, Mr. Speaker.

[*English*]

Mr. Ian Wahn (St. Paul's): Mr. Speaker, I shall not prolong this discussion unduly because I think we all agree that the basic principle involved is simple although its application may be difficult. The basic principle surely is this: Is the question raised by the new bill essentially the same as that raised by the old bill? I doubt very much that an exact precedent can be found. I think this is a question which has to be decided upon the basis of common sense. One of the questions raised is whether a 5 per cent surcharge on personal income tax is essentially the same as a 3 per cent surcharge on personal income tax. If my recollection is correct, the 5 per cent surtax would have raised approximately $185 million and the 3 per cent surtax will raise about $105 million, a difference of $80 million. How can hon. members opposite say that $80 million represent a meaningless difference unless they are prepared to say "what is $80 million"? I do not think they would wish to take that attitude.

To get down to figures which we can perhaps understand more easily, suppose I am offered $50,000 for my home. This raises a question, should I sell? But if someone else offers me $30,000 for the same home, it seems to me it becomes a very different question. It is clear to me that on common sense grounds, apart from other circumstances, a 5 per cent surtax on personal income tax is very different from a 3 per cent surtax on personal income tax.

Other differences have been referred to. There is the fact that to make up in part for the revenue lost by the reduction in the surtax on personal income tax the surtax is now to apply to corporations. There is the fact that no limitation is now placed on the maximum tax—

Mr. Speaker: Order. I wonder whether we are making much progress by having these figures quoted. They were quoted in detail by the hon. member for Winnipeg North Centre and I have heard them a few times now.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Just a few words, Mr. Speaker, because I think as you do that we have been discussing for several minutes whether or not Bill No. C-207 is a repetition of Bill No. C-193.

Now, I believe that citation 148 of Beauchesne's Parliamentary Rules and Forms, 4th edition, quoted earlier, can be applied here:

> It is a wholesome restraint upon members that they cannot revive a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session—

Government members maintain that Bill No. C-207 is different from Bill No. C-193 but the hon. member for Winnipeg North Centre (Mr. Knowles) maintains the opposite. The fact is that the principle of Bill No. C-207 remains the same as that of Bill No. C-193. What we discussed on February 19 and on preceding days concerned a surtax proposed in Bill No. C-193, and we will again be discussing a surtax. Whether that tax is 2, 3, 5, or 10 per cent, the basic principle remains the same.

Now, we are asked to discuss again the surtax that I regard as poison because, in the present circumstances, this is really a poison, and whether it is administered in small or in large doses, it still remains a poison.

I believe we are going to repeat the speeches we had the opportunity to deliver while considering Bill No. C-193. We will resort to the same arguments and maintain the same positions, because we are definitely against a surtax at this time. I say the government is acting hypocritically in introducing Bill No. C-207, because it had promised that Bill No. C-193 would be dead and gone and would not be reintroduced in this house. Now, they are introducing just about the same bill, with a few changes in the details of Bill No. C-193. The surtax rate is 3 per cent and the corporations are also taxed, but the principle of the bill is exactly the same from beginning to end, from A to Z, and we shall oppose it. Mr. Speaker, we humbly submit to you that this bill is but a repetition of the other one.

[*English*]

Mr. Speaker: I believe I should mention to hon. members that I do not propose to give a decision immediately. I should like to have at least a few minutes in which to study the interesting arguments put forward by those who have taken part in this debate.

However, I should like to refer specifically now to one question which has already been decided and to which reference was made by the hon. member for Edmonton West, that is, the question of notice which was raised originally by the hon. member for Lapointe. The substance of the ruling I made at the time, a ruling which I still think is in order, was that

our procedure in regard to a resolution in ways and means is distinctive; no notice is required for the very reason that such resolutions are introduced in committee of ways and means. The resolution does not exist until it is introduced in committee of ways and means which is set up not by notice but at the beginning of each session. No motion is required for the Speaker to leave the chair and the house to go into committee of ways and means to consider something about which the house may have no notice at all. I am assured by the clerks that there is not one single precedent in the whole history of this parliament of a ways and means resolution having been placed on the order paper by way of formal notice. It is only appended to the notice paper. There must be a reason that this type of resolution is not given the usual type of notice provided for by standing order No. 41. The reason is that such resolutions are initiated in ways and means.

• (4:30 p.m.)

Perhaps I should have mentioned the other day that there is an apparent discrepancy between the procedure which has always been followed and standing order 41. It may well be that our rules should be amended in some way relative to supply and ways and means procedure or that we should change the procedure which has been followed in the past. Certainly there seems to be something basically wrong with the principle that a resolution can be brought in without notice at all in the committee of ways and means, by virtue of a long-standing practice of the House of Commons. Some hon. members may wish that I submit this matter to the committee on procedure. In fact, I propose to submit it to the chairman of the committee and ask him to review the situation which was raised at the time. The hon. member for Winnipeg North Centre said that it was a grey area. I admit that it is at least grey and I would ask him, along with his colleagues on the committee, to review the situation.

Returning to the perhaps more important question raised by the hon. member for Winnipeg North Centre and other hon. members and having considered the point of order, the house might allow me a few moments to review the argument, to look over the blues and study the precedents quoted by all hon. members. I am sure I will be in a position in the latter part of this afternoon to give a decision. If the government house leader is in agreement I would suggest that he might call another order to allow the Speaker to leave the chair.

Mr. MacEachen: Mr. Speaker, your suggestion can be carried out by the house going into the committee of supply and continuing with the supplementary estimates of the Department of Finance.

SUPPLY

The house in committee of supply, Mr. Tardif in the chair.

DEPARTMENT OF FINANCE

Administration—

4c. Grant to the endowment fund of the Vanier Institute of the Family—L'institut Vanier de la famille, $236,869.

The Assistant Deputy Chairman: Order. House again in committee of supply, supplementary estimates (C) 1967-68, Department of Finance, vote 4c.

Mr. Knowles: Mr. Chairman, before we proceed with the estimates of the Department of Finance, a suggestion has been made widely on this side of the house which I am happy to voice. The suggestion is that we take up the supplementary items of the Department of Veterans Affairs. I am sure we can pass these quickly and give the veterans the assurance that their disability pensions will be increased.

Mr. Starr: Mr. Chairman, we are prepared to pass the estimates of the Department of Finance and then we might proceed with the Department of Veterans Affairs. I believe this would satisfy everybody.

Item agreed to.

Municipal Development and Loan Board—

46c. Further amount required in the current and subsequent fiscal years for the purposes of Finance Votes 50b of Appropriation Act No. 2, 1966, and 50e of Appropriation Act No. 4, 1966, respecting the forgiveness of 25% of the amounts of the loans made to municipalities under the Municipal Development and Loan Act, $17,000,000.

Item agreed to.

INSURANCE

1c. Departmental administration, $11,300.

Item agreed to.

Mr. MacEachen: Mr. Chairman, if it is acceptable to the Chair we might now call the Department of Veterans Affairs.

DEPARTMENT OF VETERANS AFFAIRS

Administration—

1c. Departmental Administration—To extend the purposes of Veterans Affairs Vote 1 of the Main Estimates for 1967-68 to include the recoverable expenditures and the payment detailed in these Estimates, $1.

The Assistant Deputy Chairman: Estimates of the Department of Veterans Affairs, administration, Vote 1c.

Mr. Starr: Mr. Chairman, I wonder whether the minister would be prepared to make a statement concerning the intentions of the government in respect of veterans pensions so that it will be on the record at this time.

Mr. Teillet: Mr. Chairman, I think I did that at the time I made tthe announcement. The intention of the government is to increase the pensions 15 per cent across the board effective January 1, 1968. I appreciate the co-operation of members in dealing with these estimates today. We will be able to get the cheques out by the end of the month.

Mr. Keays: Mr. Chairman, could the minister inform us what he intends to do with regard to war veterans allowances?

Mr. Teillet: Mr. Chairman, I also answered that question some time ago. We have considered it and there is no intention to proceed with it at the moment in view of the adjustment which was made previously.

Mr. Fane: Mr. Chairman, I am very glad that we are dealing with the estimates of the Department of Veterans Affairs this afternoon. The veterans of this country have waited a long time for the 15 per cent increase that was promised them by the minister last fall. It certainly is high time this matter was brought before the house. It is too bad that the Woods report on veterans affairs has not been presented. The minister says this is because of the difficulties in translation from one language to the other. I wonder, however, whether that really is the situation. I wonder whether Mr. Justice Woods may perhaps have said something in that report that the government does not like and is afraid to bring before the house.

Mr. Teillet: Mr. Chairman, I do not like to interrupt the hon. gentleman but I think he would want to be fair. No member of the government, including myself, has seen the report. We do not know what is in it.

Mr. Fane: Thank you, Mr. Minister. Mr. Chairman, I was under the impression that the Woods report had been presented to the minister and that he was in possession of it. I apologize to him for having made a statement which I apparently made out of turn.

The veterans have waited a very long time and feel that this government throughout its whole life has not given them proper consideration. Their pensions have been graded according to the lowest category of civil servant. They have not received increases comparable with the increases granted to civil servants. Therefore their pensions perhaps should be again reviewed so that they might be brought more in line with the wages and salaries of the same class of civil servants.

• (4:40 p.m.)

It is unfortunate that veterans pensions are tied to the lowest paid class of civil servants, because our veterans are Canadian citizens who volunteered for the armed services that were brought into being when necessity faced our nation. Not all the people who enlisted were in that low category of civil servant. Some very able men served in the ranks as private soldiers. I have spoken about two of the men who served with me. They were both killed beside me. One was a very noted lawyer—he was a private soldier—and the other was a minister of the Presbyterian church. They were both university graduates and could certainly not be considered as those in the lowest paid class of the civil service. I am not saying anything against the lower categories of civil servants, but I believe that veterans are entitled to more consideration than being tied, so far as their pensions are concerned, to the lowest paid class of civil servant in the government of Canada.

I do not want to belabour the point, Mr. Chairman, and take up too much time because I know other hon. members wish to speak on these estimates. I think it is a very good thing that we have an opportunity to discuss the estimates of the Department of Veterans Affairs this afternoon, and the sooner this item is passed the sooner our veterans will receive the increases in their pensions.

Mr. Chatterton: Mr. Chairman, we are naturally very glad that the government found it possible to bring forward these estimates at this time. I assure hon. members that there will be no delay so far as our party is concerned. I would ask the minister to give us the assurance that the increases in veterans pensions will go out in the March cheques.

There is one point, and only one, that I wish to make. It is with regard to directives that have gone out to Veterans Land Act offices across the country respecting restrictions on loans to veterans who apply for establishment under the Veterans Land Act. According to the directives that have gone out, starting April 1 this year a veteran will

not be able to receive a loan under the Veterans Land Act if his income is more than $7,000 or, in the case of the Atlantic provinces and Newfoundland, if his income is more than $6,000. This restriction does not apply in cases where a new house is to be built. I must confess right off the bat that I do not know the details of these instructions.

I wish to sidetrack for a moment, Mr. Chairman, to indicate the position at which we have arrived in Canada with respect to directives which are not confidential. Administrative directives go out to several hundred members of the civil service, even to the lowest of the low clerks in the civil service. But when a member of parliament asks for a copy of such a directive the minister himself refuses to give him a copy. There must be a rethinking on the part of the government of Canada with regard to its attitude toward members of parliament.

I can, as a veteran, go into a Veterans Land Act office and obtain a great deal more information by asking questions than I can by writing to the minister. The minister ordered his top civil servants to send me a summary of these directives. I have obtained ten times as much information from inquiring at Veterans Land Act offices than the minister gave me in a letter. This is a different subject, Mr. Chairman, but it is something that requires the attention of governments in the future. We have arrived at a deplorable situation when members of parliament cannot get information to which every civil servant has access.

Coming back to the restrictions on Veterans Land Act applicants in the future, it is true that this policy is supposed to apply for one year only. I maintain that we can be sure of that only if the present government is not in office at the end of that year. I recognize that behind this directive, this policy decision of the government, is the saving of money, but there are certain places where it is not possible, reasonable or feasible to save money. Veterans legislation such as the Veterans Land Act was passed by parliament as a reward for service. It was not social welfare legislation. It was never intended that there would be a means test to ascertain whether a person should receive benefits under the Veterans Land Act for university training or re-establishment. Whether a veteran was to receive these benefits was not dependent on the amount of income he earned. These benefits were provided as a reward for service.

Beginning on April 1 of this year we could have a most anomalous position. Let us say that veteran A has five children, had meritorious service, receive a disability pension of 100 per cent and has not been able up to now to save enough money for a down payment on a house under the Veterans Land Act. When he goes to the Veterans Land Act office he will be rejected if he resides in the Atlantic provinces or Newfoundland and his income is $6,001. If the veteran is from elsewhere in Canada his application will be rejected if his income is $7,001.

Mr. Teillet: Be fair, now.

Mr. Chatterton: But another veteran who has no children will probably be able to receive a loan because his income is less than the minimum set by the government. I should like the minister to tell us later what will happen when such an applicant applies. Will the minister use his discretion? Why were these directives issued saying that in the circumstances I have outlined a loan cannot be made?

There is another class of veteran who could be badly hit. I refer to those now in the armed forces. As hon. members know, members of the armed forces can receive a loan under the Veterans Land Act only if they are on their last posting and they can get a letter to certify that they are on their last posting. However, it is very difficult to get such a letter. The result is that many veterans who stayed in the armed forces and have not hitherto been able to qualify for a loan under the Veterans Land Act will in the ensuing year beginning April 1 not be able to get such a loan.

I have not been able to find out what other exceptions there are. I realize that where the loan is for a new house the veteran will be able to get it. However, I have not been able to find out exactly what will be the situation with regard to full-time farmers. I understand that under the Veterans Land Act those full-time farmers who apply for a loan in order to remove an encumbrance will be refused. I maintain that this is an extremely wrong principle to adopt in the case of legislation which was intended as a reward for service. It was certainly never the intention of parliament when the Veterans Land Act and other veterans legislation was passed that there should be any kind of a means test with respect to the reward to be given for service. I hope that before we pass these estimates the minister will answer some of the questions I

raised or refute them if the information I have obtained about these directives is incorrect.

• (4:50 p.m.)

Mr. Groos: Mr. Chairman, I was very pleased that the last speaker, the hon. member for Esquimalt-Saanich, brought up the point about the position of the present members of the armed forces with respect to establishing their claims for loans under the Veterans Land Act without having received a firm notice that they are on their last posting. I would be very interested to hear the minister's reply on this point.

I want to bring out once again, even more forcibly than I brought it up before if that is possible, the matter of domiciliary care for veterans, particularly the older veterans. If I may refresh the memories of some hon. members on this point, may I point out that I am not talking about complete medical care but rather about care for older soldiers who do not require full hospital and medical care but do require some medical supervision and some place to go where there is someone to look after them.

I realize this is a provincial matter, but I do not think we can shrug off our federal responsibility with respect to these men and women, and shortly there will be an increasing number of women as those women who served in the armed forces in the second world war become in need of this type of care. We cannot shrug off our federal responsibility in this regard. These people have served their country in time of need, and I am quite positive that the country would hate to see them out on the streets, so to speak, with no one to look after them. Therefore I think it is up to the Department of Veterans Affairs to take up this challenge and deal with it.

However, I wish to go on record as saying that I realize how humane the Department of Veterans Affairs has been so far in their dealings with cases of this sort. I realize how they have bent the regulations as far as possible to provide the kind of assistance which these people need. But I think we have reached the point now where, with the provinces unable to cope with this situation and regardless of how many pensions we give, the total amount of money is not sufficient to provide an old veteran with the type of facilities he needs in his old age.

I would like to hear from the minister exactly what the government is prepared to do about this matter. I will not expect him to have the answers at his fingetrips right now, but I wish to serve notice on him that the next time his estimates come before the house I will want to hear some firm government policy from his lips. The time has passed when we can afford to make do with the facilities provided up to now by the Department of Veterans Affairs, and if we are going to be honest about this we must realize that we will have to provide what is required in the absence of the necessary provisions being made by the provincial governments. I should like to reiterate that I realize how far the department officials have bent the regulations to meet the need, but more facilities must be provided for the ever-increasing need.

Mr. Herridge: Mr. Chairman, as usual I shall be quite brief. I do not intend to take the time of the house to deal with the administration of the department because that is being done very thoroughly by the members of the standing committee on veterans affairs. The officials in the various branches of the department come before the committee and explain to its members how the department operates in various provinces and various sections of Canada. However, I do wish to say that having been a member of the standing committee on veterans affairs since 1945 I know the officials of the department have set a standard of excellence in their human approach to the problems that veterans and their dependents face which could be copied to an even greater extent by some officials in other departments.

I rise at this time to say in particular that I am delighted that these estimates provide for $7,800,000 to pay for the 15 per cent increase in disability pensions. This increase was welcomed by all the veterans organizations, which I understand wrote the minister on this account, and it was certainly welcomed by the veterans and their dependants. As a matter of fact, some veterans discussed this matter with me recently and told me how fortunate they thought it was that they got the 15 per cent increase before the economy moves were undertaken. At one time they were very worried. The increase applies as of January 1. It will take some time for these pensions to be recalculated and they will receive the 15 per cent increase for the first three months with their April cheques. I am very glad the house has agreed to go ahead with these estimates at this time to make this possible because I know a great deal of work is

involved in preparing the cheques and sending them out to the veterans concerned and to their dependants.

I received many representations with respect to this matter and I have no hesitation in saying that the veterans and their dependants were very worried about the possibility of an early dissolution of parliament as the result of the confidence motion. I am pleased that we are considering these estimates now in time for the office work to be done so that the veterans will have no further reason to worry.

There is another matter which I am sure will come before the standing committee on veterans affairs when it meets, I presume, after the Woods report is tabled in both languages. I am referring to the new formula which I expect the departmental committee has devised and will bring before the committee so that in future disability pensions will be based on a sound foundation. I remember quite well that when the first act was drawn up the basic pension was based on the wages of a casual labourer or someone working in maintenance work in the House of Commons. There is no relationship today between the scale of pensions and the original intention when the act was established. I trust that the minister's committee will recommend something to correct that injustice.

I have a word or two to say about war veterans allowances. It is late in this session, but I expect that when the standing committee on veterans affairs meets to study the recommendations of the Woods report with respect to the administration of the Canadian pension commission the commission will also make representations before the committee with regard to certain changes they think are desirable in war veterans allowances. I will not say any more about this matter at this time because I would like to hear the representations from veterans organizations.

I would like to say that the veterans organizations seem to be very responsible since they have had an opportunity to make representations to the government. I remember a different set of circumstances which prevailed in the United States where in some cases such organizations asked for government action which could not be justified by the circumstances at the time. But I do want to pay a tribute to all veterans organizations in this country for their responsible approach to these problems, having in mind that these pensions have to be paid for from the consolidated revenue fund and having in mind the needs of the veterans and their dependants whom they represent.

• (5:00 p.m.)

Before resuming my seat I want to bring one or two other matters to the attention of the minister. I want to thank the minister for his willingness to have officials of the Veterans Land Act administration go into the Arrow lakes and other areas affected by the Columbia treaty project. He will be interested to know that one of his officials went to Kelowna not so long ago to deal with a problem of a veteran. He was very concerned about it. Later the veteran was pleased with the result of this man's visit. He was satisfied because he got other land to compensate him for the land that was to be flooded. Other arrangements were also made, as a result of support from one of the minister's officials, and the veteran appreciates this.

This department is reaching its closing phase so I ask the minister to urge his officials to go into that area again to clean up the few odd cases that remain. I should like to deal particularly with a veteran who is not a settler under the Veterans Land Act. He is an old veteran with whom I served in the first world war. I am informed that the B.C. Hydro and power authority is going to expropriate his property. His wife is a rather vigorous lady so they will have quite a time in getting that veteran and his wife off the property if they send in the police.

The man in question is very ill so his wife has had to carry on the battle in his name. She has done an excellent job. They have a very good farm in the Arrow lakes district some six or seven miles from Nakusp. I trust that the minister will get one of his officials to go there and have a chat with this man to see if the parties cannot be brought together in order that this project will not be marred by some unfortunate incident. It is unfortunate for the veteran concerned because he has a very fine property. I thank the minister for doing this on one or two other occasions for men who had not settled under the Veterans Land Act. I know of one or two instances in which, as a result of a visit from a Veterans Land Act official, the veteran got a few thousand dollars more from B.C. Hydro and agreed that the compensation was fair.

One other matter about which I receive some complaint concerns veterans who have to have dentures or dental treatment. They are required to go to Shaughnessy for this

work. In view of the ages of some of these men I hope that arrangements can be made for a local dentist to do this work for them so they will not be caused this unnecessary inconvenience. I note I have the support of the hon. member for Cariboo in this connection.

The other point I wish to make concerns prescriptions. There are a few veterans who require drugs repeatedly. Under the present arrangments they are required to send periodically to Shaughnessy for a new order of these drugs. Some of these men are reaching an age where they are not really capable of writing letters of that sort. I ask the minister to look into that problem to see if the officials at Shaughnessy could not give authority to some local doctor or druggist to provide the drugs required by these veterans. In some cases they find it very difficult to comply with this regulation.

These are my remarks at the present time. I know there are others who want to speak and I hope these estimates will be completed by six o'clock so these veterans will have their fears removed.

Mr. Churchill: Mr. Chairman, I want to ask the minister a question or two about the Woods report. My understanding is that the board of inquiry, or whatever they call themselves, completed their hearings around June 15 last year. Then, of course, the board reviewed the evidence in order to write its report. My understanding is that the report was completed in October and has been awaiting translation for months. On February 8, as recorded on page 6501 of *Hansard*, the hon. member for Esquimalt-Saanich asked the minister a question with regard to whether the Woods report had been translated. The minister replied as follows:

> No, Mr. Speaker. I have no information other than what I gave the house last week. I will make inquiries, but I understand that it should be in my hands by the middle of this month.

That would be the middle of February, which is some time ago now. Then the hon. member for Esquimalt-Saanich asked a supplementary question:

> In view of the fact that it has already taken four months to complete the translation, will the minister now in any event study the report in English so that a decision may be expedited?

So many things have gone wrong with the present administration that I am not surprised that the translation of the Woods repor has been delayed. However, it seems to me the minister has not shown much initiative in

pressing for the translation of that report. Why are the veterans placed at the bottom of the list with regard to the translation of reports? So far as veterans are concerned the investigation by the Woods committee with regard to the Pension Act was considered and is still considered to be of vital importance. It has been delayed for years. The committee, I believe, was quite competent to review the matter, so why this endless delay? The minister says, I have not received the report. Who has the report? Where is it in this great conglomeration of government administration? To whom was the report made? Was it made to the minister or the Prime Minister? In whose hands is that report and why can it not be translated? This is a clear case of discrimination against the veterans of this country.

It seems to me that one of the priority tasks last fall should have been the translation of that report and tabling it in the house as well as referring it to the standing committee on veterans affairs. The time to work on it would have been during the course of the winter. As I see it now, we are not going to have this report in our hands before the session comes to an end. When the next session starts there will be delays. The minister will say if he is then the minister, and I express the hope that he may be transferred to another department, that he has not received the report or it has not been translated. A whole year will have gone by before the disability pensioners of this country have any idea whether or not justice is going to be done to them at long last.

The hon. member for Kootenay West mentioned once again that the basic pension of the disability pensioners should be adjusted. It bears no relationship to conditions and has no relationship to the sacrifice that has been made by these men. We have been looking to the Woods report to present a solution to this problem.

I conclude by remarks, Mr. Chairman, by asking the minister to give us an explanation as to why he cannot get action on the simple matter of the translation of this report. We have had all sorts of other things translated and reports filed but, oh no, if it is a veterans affairs matter it is at the bottom of the list. I hold the minister responsible for this shabby neglect of the disability pensioners of this country.

• (5:10 p.m.)

Mr. McCleave: Mr. Chairman, my remarks will be brief. First of all I want to echo the

strong sentiments of the hon. member for Winnipeg South Centre and also to point out that in my constituency, and I am sure in all others across Canada, there are invariably veterans who feel that the burden of proof imposed upon them by the Canadian Pension Commission is unjust. We have all had the idea that in cases of doubt the issue should be resolved in favour of the veterans; yet I know of several instances in my own area—and I am sure other hon. members have had the same experience—where veterans feel that the burden of proof is resolved against them unless they can clearly establish their case.

I understand that the purport of the legislation was not to throw that stringent a burden upon a veteran who may have some complaint or disability which he finds virtually impossible to link up with service rendered to Canada years ago. I further understand that the Woods report will deal with this point, which I think makes it all the more necessary that the minister see to it that those responsible for translating the report place it before us as soon as possible. If it is only the translation that is holding up the report, then I think this is one of the biggest arguments that can be raised against bilingualism. Whether a report be in one language or the other, surely the important thing is to have it before us so that some action can be taken to clear up long-standing abuses. Certainly I hope this action will be taken.

Mr. Barnett: Mr. Chairman, I see the Minister of Veterans Affairs is busily taking notes, presumably in order to reply to the questions being raised in the committee. There are two matters upon which I should like some clarification from the minister. First, what, if anything, can he do to assist people on war veterans allowance who for some time have been experiencing a nightmare? I admit that the nightmare was not created directly by the minister but rather by his colleague, the minister of National Health and Welfare, who brought in the supplementary benefit for recipients of the old age security pension. As the minister knows, that department invited people to apply for the supplementary benefit. A great many people on war veterans allowance accepted that invitation in good faith but as a result found themselves in what I have described as a nightmarish situation in that they would have received more than the allowable income permitted under war veterans allowance.

I have not had the experience on the veterans affairs committee of my colleague from Kootenay West, but I do try to follow the statements made by the minister in the house from time to time. One of the matters that I feel the minister has still not explained to the satisfaction of myself and certainly to the satisfaction of some people on war veterans allowance is how the increase resulting from the cost of living index provision can be allowed to war veterans allowance recipients without exceeding the ceiling on income but the supplementary benefit itself cannot be allowed. How is somebody on war veterans allowance going to sort out all the permutations that can arise in this situation?

For example, a person on old age security receives the $1.50 or 2 per cent increase. If he has applied for and is receiving the supplementary benefit he gets the extra 60 cents a month. On the other hand, if he decides, as an increasing number of recipients of war veterans allowance have, not to reapply after one year's receipt of the old age supplementary benefit, then I understand he is not entitled to the 60 cents a month cost of living bonus, which to say the least is a fairly modest amount. Nevertheless people with the kind of income ceiling that such recipients of war veterans allowance have are called upon to take into account relatively small amounts of money.

How can the minister justify the equity of a system—I realize that this matter does not come wholly within the purview of his department—whereby certain people on war veterans allowance receive the cost of living bonus while others are unable to do so, depending on whether they decide to apply for the supplementary benefit? Without going into this question extensively, because the matter has been debated in the house, could the minister explain with a greater degree of clarity than he has hitherto why it is that there is a ruling that war veterans allowance recipients cannot be allowed to receive the old age income supplement if they are also old age security pensioners unless it is included in their income for purposes of the ceiling?

There is one other question I want to raise with the minister. I grant that this may be a temporary situation but it is one that arises in connection with war veterans allowance recipients who are receiving a disability pension from the United Kingdom. If my understanding is correct there was an increase in the disability pension rate in the United

Kingdom just prior to the recent devaluation of the pound. As a result people in Canada in receipt of this pension expected to get the increase. However, when they cashed their cheques they found they got less than before. If I understand the situation correctly, the decision of the war veterans allowance board was that for war veterans allowance income purposes the British pound would be valued at its pre-devaluation level, with the result that for a one month period recipients of war veterans allowance in Canada actually received less in Canadian dollars than they would have had the British pound not been devalued and the disability pensions not raised.

This kind of action is pretty niggardly, to say the least. I do not understand all the complexities of the timing, but according to my information the practical effect of the situation is that war veterans allowance recipients in Canada are actually receiving a number of dollars less from the United Kingdom, according to the size of their disability pension, than they would have otherwise received. If this is an administrative decision it is a pretty unfortunate one to make at a time when the present government is supposed, as it says, to be exercising economy measures. I hardly think we need go that far. If the minister can clarify the two situations I have raised I think it would be of value to veterans across the country and might perhaps give us some understanding of what course of action should be taken in regard to some of these matters when they are dealt with in greater depth than is possible in this committee at the present moment.

• (5:20 p.m.)

[*Translation*]

Mr. Laniel: Mr. Chairman, I should not like to let the debate on supplementary estimates of the Department of Veterans Affairs go by without saying a few words on the overall problem of Canadian veterans.

A moment ago, the hon. member for Winnipeg South Centre (Mr. Churchill) made some statements which, to my mind, were most unfair for the hon. minister. I do not want to take it upon myself to defend the minister, because I know that he is capable of finding the necessary arguments to justify certain attitudes or positions his department has taken in the face of problems which have come up. But I do want to tell the members I hope personally that in spite of what happens in the next few days and months, the Minister of Veterans Affairs (Mr. Teillet) will continue in that post, for, in my opinion, he is the one who has best served the interests of veterans.

Mr. Chairman, first of all, I wish to congratulate the hon. minister for the step he has taken—that is why the supplementary estimates of his department are before the house—by increasing the veterans' pensions by 15 per cent. If one considers the various increases granted in previous years, one finds that they actually represent a substantial improvement, compared to the pensions paid when the present government came into power.

Of course, there is still a great deal to be done and, personally, I hope that it will be possible to readjust those pensions according to some schedule so as to avoid asking the house constantly for further increases. But until then, Mr. Chairman, I think that the minister is to be commended, and I hope that the inter-departmental committee now considering the basic rates of pensions will be in a position to submit to him a report which will result, in the next months, in the introduction of a piece of legislation designed to settle this problem once and for all.

As far as the Woods report is concerned, I hope, like all members of the veterans affairs committee, that it will be referred as soon as possible to that committee, either the report itself, or a summary of that report, or still a piece of legislation relating thereto. But it is urgent that the officials of the Department of Veterans Affairs provide an opportunity for organizations to make representations and offer comments in order that we may obtain a complete reform and reorganization of the Pension Commission, with a view to improving the situation and serving the interests of veterans better.

I am convinced, Mr. Chairman, that this report which, according to my information will be quite long, will open the way toward improvements in the pension field, for the greater good of veterans.

In closing, Mr. Chairman, I would simply thank the members of the house who are members of the committee on veterans affairs for their co-operation, but I would say to them that when this report is sent to the committee, we shall have a great deal of serious work to do, so as to help the minister in accomplishing a reform which has perhaps been delayed, but which will surely be worth it.

However, I must comment on the remark made a few minutes ago by the hon. member for Halifax (Mr. McCleave), who said that it might be one of the reasons why he might have reservations about bilingualism if the latter entailed such delays in the introduction of reports in both languages. I wonder what the hon. member for Halifax (Mr. McCleave) would have said if the French version only of the Woods report had been tabled in the house.

This is a very technical report. One should not forget that such reports comprise some quite technical terms and that it is important that both ethnic groups can have an exact understanding of the recommendations in precise terms and in a quite definite translation. I think that perhaps the Woods commission, which has undertaken this translation itself, should be urged to speed it up a little, but I am convinced that the minister will receive the report and that it will be made available to us without delay, so that the committee can get to work if this report is sent to it.

[*English*]

Mr. McCleave: Mr. Chairman, the hon. member who has just taken his seat directed some remarks at me and I do not expect he will quarrel with my rising. My response to his remarks is simple. I would not mind if the report were written in Latin, in Iroquois or in any other language. If there has been an injustice it is up to the government to correct that injustice. It should not hide behind the excuse that it has had to wait for months and months for a translation. If the report can only come before us in French and if the recommendations of the report are sound, the government should act on those recommendations. I would accept that wholeheartedly. I do not think we should take a good cause and trample on it or postpone action by hiding behind bilingualism.

Mr. Laniel: Would the hon. member permit a question? Does the hon. member know that the veterans association did not want that report to be referred to officials of the pension commission before it was referred to the committee on veterans affairs? The association did not want the commission to begin work on the report before the report had been made available to the committee because the veterans association wished to make representations to the committee in order to help in the preparation of a good committee report.

Mr. McCleave: Mr. Chairman, I do not quarrel with the request of the veterans association nor do I argue with the hon. member. His remarks do not seem germane to the point we were arguing about.

Mr. Fawcett: Mr. Chairman, I do not intend to hold up the minister's estimates. Like many other hon. members I feel that the increase in pensions is long overdue, and I welcome it.

I wish to bring one or two matters to the minister's attention. One is the interminable delay that some people experience in trying to have their appeals heard. I shall not go into great detail and I shall cite only one case as an example. It is the case of a veteran who was receiving a disability pension and who died approximately two years ago. Because it was alleged that his disability was only two-fifths attributable to war service his wife was not entitled to a war pension. Following his death strong evidence came to light contesting the allegation that his disability was two-fifths attributable to his war service and supporting strongly the widow's claim for a pension. I will not go into details about the case since it is being processed. I shall merely say that from my reading of the evidence there is a strong case for paying the widow a pension. She appealed the previous decision some months ago and despite numerous telephone calls and letters I understand that the appeal will not be heard until May or June.

• (5:30 p.m.)

The widow is faced with a real problem. She has a child attending a secondary school. He will finish school this year and she wants to send him to a university. Although she does not at present need financial assistance she is obliged to conserve the little money she has in order to hold on to her home. Her resources are not enough to permit her to further the education of her child without assistance and she is anxious to know where she stands so far as the child is concerned. In all fairness I do not understand why there should be such a delay in handling appeals after all the evidence has been turned in. In cases of this kind, widows are placed in an extremely unenviable position.

I have been involved in another similar case. The appeal was finally decided in the widow's favour after the case had been under consideration for almost five years. Such delays appear to be unnecessary and when they do occur the provision for 12 months

retroactive pay is insufficient. Something should be done to expedite the handling of appeals in cases such as those I have mentioned.

The Chairman: Shall the item carry?

Mr. Churchill: No. We are waiting for a reply from the minister. If he is not going to reply there will have to be further discussion. I give him the opportunity. Does he intend to answer the questions which have been raised?

Mr. Teillet: I think I should be permitted to wait until all the representations have been made and then reply to the questions. I do not think I ought to get up half a dozen times to speak on different points.

Mr. Chatterton: In that case perhaps the committee should allow the item to stand until we have dealt with the other questions. Otherwise the minister might be ruled out of order when he does rise to speak.

Mr. Teillet: I do not think it is a question of passing this item immediately. After hon. members have asked their questions and made their comments I shall be glad to deal with them.

Mr. Matheson: Mr. Chairman, I should like to make a few comments on this matter. I think we are all deeply in debt to the present minister. The announcement that this rather substantial increase was to come was made on December 20. Anyone who reflects on the events of that time will recall the situation on the London money market, the scramble there, virtually duplicated in every treasury in the western world, the anxious preoccupation with budget balancing, fiscal responsibilities and so on. Bearing in mind the fact that my hon. friend has brought in three substantial increases in the less than five years during which he has held his present portfolio, the increase before the one now contemplated having been on September 1, 1966, and bearing in mind the sacrifices we are asking the Canadian people generally to make so as to present a position of fiscal responsibility and integrity to the world, I think it is greatly to the minister's credit that he should bring forward this recommendation now.

I am sure we are all anxious that the Woods committee report should not be delayed. I feel it would be very wrong if the report came to us in English alone and we had to await a second report in French. As one who appeared before the Woods committee and therefore seized with the highly technical arguments that were brought to bear on certain sections of the Pension Act, I can think of nothing more painful than the necessity of re-examining later, in another language, the significance of the committee's recommendations.

We are looking forward not to a modest change in pension legislation but to a new, streamlined act which will meet the requirements of veterans as we find them today rather than as we found them at the conclusion of the war. I think the report will recommend far reaching changes and, as I say, I hope it comes forward very shortly.

During the past week I lost a friend, a member of my battery with the same rank as myself. He left a widow and a family—two children at university, I believe. Had it been possible to implement the recommendations of the Woods committee, the financial position of this veteran before he died might have been altogether different and the circumstances of his dependants would consequently be much more satisfactory. Over the weekend a doctor friend of mine, an active Conservative, incidentally, telephoned to tell me about another friend of mine, a man who fought overseas as a very young fighter pilot and who may die very soon. The changes one might expect from the Woods committee recommendations could very well bring about major improvements in the lives of veterans such as these two and I suggest that the minister, who is most sympathetic in this connection, might reflect on the serious consequences of undue delay.

In calculating pensions paid to veterans we often find that the basis used is the salary currently received by low paid civil servants. By comparison the veteran is thought of as a man with a wife, two children and a 100 per cent disability. Perhaps it was not unnatural to expect that a veteran at the conclusion of a war would have a wife and two children; I can understand why this comparison was made originally. But possibly the French officials whom we interviewed in Paris at the Boulevard des Invalides were correct in their approach, that compensation should be paid with the veteran alone in mind, not his wife and his other dependants.

Such a suggestion is immediately questioned, of course, by experts such as the officials of service organizations who say that additional pension allowances are required in respect of a wife and children or the family simply could not survive. But this approach, I feel, begs the question. The amount of the

individual award might, indeed, be sufficient if it were based on a straightforward comparison between the real needs of the veteran himself and the salaries of the civil servants to be selected. I suspect from inquiries I have made that the theoretical awards on the basis I have mentioned, namely, a wife and two children, are an illusion. Too many disabled veterans end up with neither children nor a wife and an entirely inadequate pension.

• (5:40 p.m.)

We are comparing that packet, veteran plus dependants, with the low paid civil service employee. I do not think it would be very difficult, with the computers available, for the Minister of Veterans Affairs to give some consideration to the question of whether or not a basis with adequate remuneration for the veteran alone might in most circumstances be more equitable. There are many other considerations that enter into this picture. There have been cases where wives have not really been dependants in the true sense of the word.

Bearing in mind that the main burden of our responsibilities at the moment is toward people who served in world war II, which now is a full generation ago, and to a lesser degree to those who served in world war I, perhaps it would be timely for the Department of Veterans Affairs to make a thorough statistical study of what would be the difference if the base of compensation were to shift, with some qualification provided to meet special needs—

Mr. Chatterton: I rise on a point of order, Mr. Chairman. We on this side purposely cut down our speeches so that the minister would have a chance to reply before six o'clock. The discussion which the hon. member for Leeds is now carrying on could be more properly carried on after we have received the Woods report. We want to get these estimates accepted today because we might not have a chance after six o'clock.

Mr. Matheson: Mr. Chairman, I have nothing more to add.

Mr. Chatterton: You were taking up time.

Mr. Matheson: That is not fair.

Mr. Teillet: Mr. Chairman, on rising to reply to the representations and queries I wish to express my thanks to the members of the committee for the interest they have again shown in this very important subject. The hon. member for Esquimalt-Saanich was the first to speak and some of the subjects he covered were also mentioned by a number of other hon. members. Speaking of the Veterans Land Act, which I know interests the hon. gentleman very much, I urge him to understand that there is no question of a means test being applied but certain guide lines—I know that is a much misused word—have been issued to the regional offices in the hope that veterans would go to those offices, ask for explanations and get a clear understanding of what is involved. The hon. gentleman mentioned a figure of $7,000 which was used as a guide line, as an income below which veterans would be given priority. That $7,000 does not include such things as pensions, the wife's income, or family allowances. It is personal income outside of these other things.

This is the guide line that was given and it is hoped that not too many people will be affected. However, it is not mandatory and instructions have gone out that every case is to be judged on its merits in order to avoid the kind of thing that the hon. gentleman mentioned where in some cases a matter of a few dollars might cause hardship. This is only a guide and we hope that no hardship will result.

Mr. Chatterton: Will the minister assure the house that no veteran will be denied a loan simply because of income?

Mr. Teillet: I do not believe I could give that assurance because the case may arise—I am not speaking of new construction—where a veteran wants to improve his holding but his income is at such a level that it may be felt he could wait for a year before doing so. That could result from this directive.

Mr. Chatterton: Could the minister give us the assurance that no veteran, other than a veteran wanting to build a new house, applying to acquire a small holding or farm will be denied a loan on account of income?

Mr. Teillet: Again I would say that generally speaking this would be the case. I hesitate to give an absolute assurance. A case may easily develop where a veteran might be requested to wait for a year because his personal circumstances were such that he could do so without any hardship. This does not affect the applications of veterans at any time and those who qualify will be eligible, even those who may be asked to delay for a year. It is also my understanding that any effect on farm lending will be negligible. I believe that covers most of the points raised by the hon.

member with respect to the Veterans Land Act.

With respect to the 15 per cent increase in pensions and the issuing of the cheques may I say I appreciate very much getting these estimates through today. This will give the officials of the department an opportunity to get to work, although I believe the calculations have already been made. They can now put the operation into the works in order to get the cheques out by the end of this month. I cannot, of course, give an absolute guarantee because the final authority will not be given until such time as the supplementary estimates bill receives royal assent.

Mr. Knowles: If there is going to be any delay would the minister request that this item be taken out and be made a bill by itself? Then it could be given royal assent right away.

Mr. Teillet: That might be done, and I will be glad to consider it. I see no difficulty about that because once the house has approved I do not think there is much question as to what will happen in the other place. We are very anxious to get this out this month. Even though the March cheque might be only for the regular amount, at least we could get the adjustment cheque out at about the same time.

Hon. members showed much interest and asked a number of questions about the Woods committee report. I should explain the difficulty involved in the translation of it. It is a very extensive report comprising, I understand, some 1,600 pages. As has been mentioned, many technical terms are used when dealing with veterans affairs. In fact reference was made to our own Department of Veterans Affairs jargon. The manner of speaking of veterans when they are dealing with veterans benefits is sometimes extremely difficult to translate, and I have some responsibility for some of the delay in the issuing of the report because I have had the translation very carefully checked as it proceeded. I insisted on this being done in order to make sure that the two texts of the report would mean exactly the same thing.

Not too many hours ago I was informed that the chairman of the committee proposes to be in Ottawa about March 21 and hopes to be in a position to present the report at that time. I certainly hope he can meet that deadline. In view of the criticism that has been levelled at the delays, may I say that I in no way hold the members of the committee responsible for those delays. Whatever criticism may be justifiably levelled, I accept it. I think they were very diligent in their work. They undertook a tremendous task and considering their enthusiasm and ability I believe that their report will have been well worth waiting for.

• (5:50 p.m.)

The hon. member for Comox-Alberni raised a number of questions concerning eligibility for the $30 a month old age adjustment payment and not it being available to war veterans allowance recipients. The experience has been that administratively this becomes very awkward. This type of thing was done on two occasions in recent years when old age assistance was increased by $10. Things became very difficult administratively. Finally we increased the ceiling of allowable income for war veterans allowance recipients in order to take that in. We also did so again just about the time when the $30 a month supplement came into being. The ceiling was increased to $145 a month for a single man and $245 a month for a married man. While these amounts were needed, part of the reason for this procedure was not to get involved in administrative difficulties.

In the case of the cost of living supplement the amount is small enough that it would not cause difficulties but if it were multiplied four or five times over the years it would. It is anticipated that before this occurs another raise in the ceiling on allowable income for war veterans allowance recipients would be justifiable and there would be a need at that time for this to be absorbed again. If the hon. member would like to speak to some of the officials about this matter I believe the situation could be explained to him much better than I could do it here at this time. I am sure they would be pleased to talk to him.

You will recall that at the time the $30 a month supplement was passed the war veterans allowance board wrote a letter to each war veterans allowance recipient asking that they make no decision before consulting the officials of the Department of Veterans Affairs. If they would follow that course, I believe they would find that the decision taken would be to their advantage. The officials of the department would advise the veteran to make the type of application that would be most beneficial to him. I might suggest that the same situation pertains in respect of the Veterans Land Act. I believe that if they went to the officials they would be given the kind of advice which would be most beneficial to them.

I should like to thank the hon. member for Kootenay West for again bringing to my attention the difficulties faced by those in his area. As has been the case in the past the officials will do everything possible to be helpful. I believe this is an assurance which members of the house will accept because the officials of the department have a reputation for acting in the interests of the veterans.

The Chairman: Shall vote 1c carry?

Mr. Peters: Mr. Chairman, I should like to ask the minister—

The Chairman: Order. Shall I rise and report certain resolutions and request that the committee be granted leave to sit later this day or at the next sitting of the house?

Mr. Starr: Mr. Chairman, it is not yet six o'clock and we are willing to pass these estimates.

The Chairman: Order. I understand that the Speaker wishes to come into the chamber.

Mr. Starr: Before the Speaker comes into the chamber perhaps we might pass these estimates.

The Chairman: Shall Vote 1 carry?

Mr. Peters: Mr. Chairman, before the minister leaves the matter of the Veterans Land Act may I ask whether any consideration is being given to a reduction in the size of the veteran's holding to take into consideration the situation where the land value places the land out of the reach of the veteran?

Mr. Teillet: I would like to refer back to the answers I have given the house previously in this regard, if that would be satisfactory.

Item agreed to.

The following items were agreed to:

Pensions—

25c. Pensions for Disability and Death—To provide, effective the 1st day of January, 1968, that the Pension Act be amended as follows:

(a) Schedules A and B to the said Act are repealed and the Schedules A and B set out in the details of the Estimates are substituted therefor; and

(b) in subsection (2) of section 38 the words "six hundred and thirty-six" are struck out and the words "seven hundred and thirty-two" are substituted therefor; and

(c) in subsection (4) of section 38 the words "three hundred dollars" are struck out and the words "three hundred and forty-eight dollars" are substituted therefor, $7,800,000.

Treatment Services—

38c. Treatment and Related Allowances, $205,000.

Veterans Affairs—

L120c. To increase to $450,000 the amount that may be charged at any one time to the Working Capital Advance established by Vote 517 of the Appropriation Act No. 5, 1958, for the purpose of financing the manufacture of Remembrance Day poppies and wreaths; additional amount required, $50,000.

The Chairman: That completes the estimates of the Department of Veterans Affairs.

Resolutions adopted in committee of supply this day reported and concurred in.

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

The house resumed consideration of the order:

Second reading of Bill C-207, an act to amend the Income Tax Act—the Minister of Finance.

Mr. Speaker: At this time perhaps I might be permitted to apprise hon. members of the ruling I have reached after considering the very interesting arguments submitted earlier this afternoon. As the hon. member for Winnipeg North Centre mentioned, it is a question which has attracted my attention during the past few days and, as many other hon. members have done, I, too, have reviewed the precedents on the point.

The point raised by the hon. member for Winnipeg North Centre and discussed by other hon. members is that Bill C-207 should not be proceeded with because in effect it renews a question decided during the current session. I should like to refer hon. members to citation 200(1) of Beauchesne's fourth edition and also to Bourinot's fourth edition, page 328-9. The latter reads as follows:

It is, however, an ancient rule of parliament that "no question or motion can regularly be offered if it is substantially the same with one on which the judgment of the house has already been expressed during the current session." The old rule of parliament reads: "That a question being once made, and carried in the affirmative or negative, cannot be questioned again, but must stand as a judgment of the house." Unless such a rule were in existence, the time of the house might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

Beauchesne's fourth edition, citation 373(2), reads as follows:

There is no rule which restrains the presentation of two or more Bills relating to the same subject, and containing similar provisions—

This is a point which is important because some hon. members have suggested we should not discuss similar matters or similar principles during the same session. The experience of hon. members, I am sure, is that we have done that, at least, exceptionally. Beauchesne's fourth edition, citation 373(2), continues:

> But if a decision of the House has already been taken on one such Bill, for example, if the Bill has been given or refused a second reading, the other is not proceeded with if it contains substantially the same provisions—

The word "substantially" appears again. Beauchesne's citation 163 reads as follows:

> A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question shall be offered which is substantially the same as one which has already been expressed in the current session.

Again, citation 375(1) of Beauchesne's fourth edition reads as follows:

> A Bill is in order when substantially different from another Bill on the same matter previously disposed of during the session.

The solution, according to Bourinot, must be found within the following proposition which appears at page 329 of his fourth edition:

> "The only means by which a negative vote can be revoked is by proposing another question, similar in its general purport to that which had been rejected, but with sufficient variance to constitute a new question; and the house would determine whether it were substantially the same question or not."

• (6:00 p.m.)

It then becomes a matter of interpretation or judgment whether, in the words of the rule, the motion offered is substantially the same as the one on which the decision of the house has been expressed. The only way to interpret the two measures in relation to the rule is to compare the proposals offered in each case; that is, in the previous bill and in the new bill now before the house.

What the Chair should do, in my view, is to compare the provisions of Bill C-207, now before the house, with those of Bill C-193 which was defeated on third reading. This was done by the hon. member for Winnipeg North Centre and by other hon. members who have assisted the Chair. Perhaps hon. members will allow me to refer again to the several clauses.

Clause 1 of the new Bill C-207 deals with a gift tax. It is a completely new proposition which was not dealt with in any way, shape or form in Bill C-193. Clause 2 of Bill C-207, on the other hand, is a repetition of clause 1 in Bill C-193. Clause 3 of Bill C-207 is consequential upon the change proposed in clause 2 and is also of a purely technical nature. However, this clause is an exact repetition of the corresponding clause in the Bill C-193.

Clause 4 of Bill C-207 is identical with clause 3 of Bill C-193. This clause relates to deductions permitted in computing the tax payable under the farmers' and fishermen's averaging provision. This provision does not appear to be related to a surtax; it is an independent proposition, standing by itself, and I have serious doubts whether it ought to be reintroduced as part of Bill C-207.

Clause 5 of Bill C-207 provides for prepayment of the corporation tax. There are different rates of prepayment. One hon. member found it difficult to see the difference, but there is some difference between this clause and the corresponding clause of Bill C-193. Clause 6 of Bill C-207 is consequential upon the amendments set out in clause 1 thereof. It is entirely new, and therefore it is in no way objectionable.

Clause 7 of Bill C-207 contains the substantive part of the new taxation proposal. It is similar to the previous proposal in that it is a surtax. According to our authorities and precedents, the fact that they are similar proposals in itself is not sufficient to justify a ruling that it is out of order. The test is whether or not there are substantial differences between the two proposals.

The new clause of Bill C-207 provides a special surtax of 3 per cent compared with a surtax of 5 per cent in the original bill. The earlier resolution and bill carried a basic tax floor of $100. The new clause in Bill C-207 increases the basic exemption to $200. The first proposal fixed a ceiling of $600 with regard to surtax payments. Bill C-207 imposes no such limitation. The original surtax was a continuing tax. The revised bill proposes a levy of a fixed duration for the years 1968 and 1969.

The new bill proposes, in clause 7, the imposition of a surtax on the tax paid by corporations. This, of course, is entirely new. There was no similar provision in the previous bill. This in itself would appear to constitute a substantial change making clause 7 of Bill C-207 a new question in relation to clause 5 of Bill C-193. Finally, clause 8 of Bill C-207 dealing with the refund of tax repeats word for word clause 6 of Bill C-193. I find it difficult, again, to justify a repetition of this clause in the new bill.

It will be seen, therefore, that while the substantive clauses of Bill C-207 are, in general, substantially new, clauses 2, 3, 4 and 8 of Bill C-207 are a repetition of the clauses in Bill C-193 which was defeated on third reading.

Hon. members have referred to a ruling which the Chair made last year in connection with the transport bill. The hon. member for Acadia in particular and also the hon. member for Winnipeg North Centre referred to this ruling. I am in agreement with what the Chair stated at that time, namely:

> The cumulation, however, of all these added changes does not obviate the basic requirement that no part of the new proposal should be inconsistent with the committee's previous decision.

That is a quotation from the ruling of the Chair made on January 26, 1967 (p. 1233, *Journals*, 1967-8) on an appeal from a ruling of the chairman of the committee of the whole when the committee was considering the transport bill. In other words, what we have to guard against is putting the house in a position where it might have to take a decision which in part would be inconsistent with a decision taken previously. I suggest to the house that this is exactly what the house would be doing if it were allowed to adopt clauses 2, 3, 4 and 8 which are exact repetitions of the clauses in Bill C-193 which was defeated on third reading.

For all these reasons my suggestion would be that Bill C-207 should be withdrawn and a new measure introduced which would take into account the fact that there should be no contradiction between it and the decision taken previously.

I should like to bring to the attention of the house a citation from May's seventeenth edition, page 522, which is as follows:

> If it should become necessary, before the second reading of a bill, to make considerable changes in its provisions, such changes can only be accomplished, at this stage, by discharging the order for the second reading and withdrawing the bill.

I should bring also to the attention of hon. members that in my view this does not invalidate the ways and means resolution which was adopted last Friday. A new bill based on that resolution and containing clauses which in my view are acceptable and not in contradiction to the principle of the decision on the former bill can be submitted readily to the house, introduced and considered for first reading.

I therefore consider that an order of the house should issue for the withdrawal of the bill now before the house so that the government may have an opportunity to introduce a new measure.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Saskatoon (Mr. Brand), Indian Affairs—Saskatchewan—medical decision respecting sterilization and contraceptives; the hon. member for Springfield (Mr. Schreyer), Agriculture—potatoes—imports from United States into western Canada; the hon. member for Okanagan-Revelstoke (Mr. Johnston), Company of Young Canadians—reported subsidization of private schools in British Columbia.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Deputy Speaker: Government order No. 69, second reading of Bill No. C-207, to amend the Income Tax Act.

INCOME TAX ACT

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, in accordance with the ruling made by His Honour at 6 p.m. I move that the order for second reading of Bill No. C-207 be discharged and the bill withdrawn.

Motion agreed to.

Mr. Sharp: Mr. Speaker, I ask for leave to revert to routine proceedings for the purpose of introducing a bill based on the ways and means resolution adopted on Friday, February 9.

Mr. Deputy Speaker: Does the house give unanimous consent to revert to routine proceedings for the purpose of introducing a bill based on the ways and means resolution adopted on Friday, February 9?

Some hon. Members: Agreed.

Mr. Sharp: Mr. Speaker, the bill which I am asking leave to introduce is similar to Bill No. C-207 except that it removes those clauses to

which His Honour took exception. It also includes one very minor subclause of a very technical nature, which I would have moved in committee, which does not affect in any way the substance of the bill.

Mr. Starr: Mr. Speaker, we agree, provided the bill receives only first reading this evening.

Mr. Deputy Speaker: Mr. Sharp moves for leave to present Bill C-208 to amend the Income Tax Act, based on the income tax resolution concurred in by the house on Friday last. Shall the minister have leave to introduce said bill?

Some hon. Members: Agreed.

Mr. Sharp moved the first reading of the bill.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Starr: On division.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the said bill be read a second time? At the next sitting of the house?

Some hon. Members: Agreed.

Mr. Monteith: Mr. Speaker, may I ask the minister when copies of the revised bill will be in our boxes?

Mr. Fairweather: The government is retreating but maintaining the initiative.

Mr. MacEachen: It shows how flexible we are. Copies of the bill will be in hon. members' boxes tomorrow morning.

Mr. Deputy Speaker: Order. Is the Chair to assume that the house will now go into committee of supply?

Some hon. Members: Agreed.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

DEPARTMENT OF SECRETARY OF STATE

Board of Broadcast Governors—

1c. Salaries and other expenses, $35,000.

The Chairman: Order. House again in committee of supply supplementary estimates (C), 1967-68, Department of Secretary of State, Board of Broadcast Governors, vote 1c. Shall vote No. 1c carry?

Mr. Nesbitt: Mr. Chairman, I should like to make just a few brief remarks on this item. It would seem to me that the members of the new Board of Broadcast Governors, when they have had an opportunity to get settled, will realize that they should do something to correct what has gone on of late on the C.B.C. television news and news commentaries.

In the last few weeks there have been people in the country who have said they have seen nothing but a complete take-over by the government of the C.B.C. news media, and that the C.B.C. news has become little more than a government brainwashing operation. We saw a good sample of it recently, shortly after February 19, when the Prime Minister returned to Canada from Jamaica and appeared on C.B.C. television. The information that a number of us have been given is that the Prime Minister went on television that evening on the understanding that no other person would be allowed to go on the television after he appeared that evening, and that no commentary would be permitted on his remarks. When one hears these observations made by those who are in a position to know, it becomes very alarming indeed.

As most of us know, television is one of the most powerful media of information to influence the public. In recent weeks, within the space of three days, through the medium of television the names of persons little known to the general public became household words. I believe the new Board of Broadcast Governors should ensure that every effort is made to see that there is no interference by the government in office with the news media. Not only that, but they should ensure that there must appear to be no interference from within the news media. This is very important.

In addition to that, in the house and in other places, the suggestion has been made in the last few months that there has been some political interference with the C.B.C. I do not wish to rehash what has already been said in the house on other occasions, but I would certainly hope that the new Board of Broadcast Governors will take the greatest care to make sure that there is even no appearance of any control of the news media by the government, or indeed by any political party. I hope the new president of the CB.C. will bear this in mind when he assumes his new duties.

Mr. Prittie: Mr. Chairman, I should like to make a few remarks while we are on the item concerning the Board of Broadcast Governors. The hon. member for Oxford made a complaint about the news coverage on the C.B.C., and the leader of my party, the hon. member for Burnaby-Coquitlam, also made a passing reference to this subject in the debate which followed the February 19 incident. I am not inclined to make very much of that at the moment because the C.B.C. has a new management, and I think it is only fair for members of the house to give the new president and executive vice president some time to assume control of their jobs and make whatever changes they think are necessary in the operation of the corporation. So I will refrain from making any other remarks concerning the C.B.C. at this time.

The new Broadcasting Act has now received royal assent, and I wish to express the hope that the members of the regulatory authority, the chairman, vice chairman and the members who are to make up the new Canadian Radio and Television Commission, will be appointed without too much delay. We have been drifting for a number of years in the field of broadcasting, beginning with the Fowler report, which was followed by the white paper on broadcasting. Then followed the committee's study on the white paper, and then finally the long debate on the act itself.

It took the government a long time to find the personnel to head the C.B.C.

• (8:10 p.m.)

We understand a number of people refused the job. Let us hope that it will not take as long for the government to find personnel to man the new regulatory authority, because that body will have very important work. The new authority will have the job of controlling radio and television broadcasting in Canada. There are a number of very important things which have to be tackled and the sooner these people are appointed the better.

Then, I should like to refer to some of the items that need to be looked at in the very near future. We have had very strong representations made to the broadcasting committee about the employment of Canadian talent. This is a matter which really cannot be left too much longer. Month by month talented Canadians, actors, writers and producers leave for the United States and the United Kingdom. This problem, if allowed to continue for a matter of a year or two, will result in the loss of the pool of talent this country has to do the kind of broadcasting that should be done.

Another matter with which we are dealing in the broadcasting committee at the present time is educational television. One of the matters about which we hear a great deal is whether educational television should be on very high frequency or ultra-high frequency. Recommendations have been made by a number of groups that have appeared before the committee to the effect that all television receivers in Canada should be equipped to receive ultra-high frequency channels. They are not, as yet. Over two years ago I introduced a private members bill on this subject. There is a provision in the new act which would allow the regulatory authority to require Canadian importers or manufacturers to build into all T.V. sets the capacity to receive ultra-high frequency channels. I say this because there are sets still being manufactured without this capability. In fact most sets manufactured in Canada are in this category, and it is going to be essential when educational television actually gets on the air in this country. When that will be I do not know, at the rate we are going at the present time. So I do urge simply that the government, without too much delay, find the people necessary to staff the new Canadian Radio and Television Commission. This commission has in front of it some very important tasks. Enough has been said about broadcasting in general during the debate which took place only last month, so I shall confine my remarks to these few at the present time.

Mr. Barnett: Mr. Chairman, I rise on a point of order. Before we proceed any further with the consideration of the estimates I wonder if we could have some information from the government house leader as to which member of the administration is responsible for piloting these estimates tonight. Several times we have had the President of the Treasury Board in charge, but tonight perhaps it is the Minister without Portfolio who is sitting on the front bench. He always seems to be around whenever a crisis develops.

Mr. Béchard: Mr. Chairman, in the absence of the Secretary of State who will be back later tonight, I am taking notes of the representations made by hon. members concerning these supplementary estimates.

[*Translation*]

Mr. Caouette: Mr. Chairman, I was glad to hear the hon. member for Bonaventure (Mr.

Béchard) say that he was taking it upon himself to listen to any matter related to broadcasting to which we might call his and the government's attention.

It is a rather costly service for Canadian taxpayers. It is true, as the previous speaker just said, that the C.B.C. now has a new management: new presidents, new vice-presidents and new secretaries. We can only express the wish now that this new management will take into account the true situation prevailing in Canada at present and that it will not try to lay down policies but rather to serve the best interests of the Canadian people.

Too often in the past, we have had to deplore serious mistakes on the part of C.B.C. officials, even some high officials. This makes us invite the new administration to be careful, to avoid errors as much as possible. Mistakes will be made, that happens everywhere—

Some hon. Members: Oh, oh.

Mr. Caouette: Mr. Chairman, if members hear me as well as I hear them, they hear me very well indeed! I understand that many of them are not interested in what we have to say about a state corporation, and that is why we see quite often that positions are taken which are not compatible with the studies we must make in the house.

Mr. Chairman, I do not intend to speak very long about the C.B.C. tonight. I would only say again that we want the C.B.C. to deal with everyone fairly and impartially, to give the Canadian people a just treatment.

In the past, we have seen certain groups receive preferential treatment while others were almost totally ignored. In my opinion, the Canadian Broadcasting Corporation should respect all schools of thought in Canada and all should be allowed to express their opinion, for only thus, in my opinion, will we achieve greater understanding.

Everyone does not necessarily have the same ideas and opinions. However, the C.B.C. should recognize this basic principle and allow all groups to express their opinions, explain their program and put forward their point of view. This will help to create a spirit of good will and mutual respect in Canada.

Mr. Chairman, I said earlier that on many occasions, we had cause to complain about the administration within the C.B.C. For instance, with regard to news coverage, we are given daily reports on the Viet Nam war, while current events in Canada are systematically ignored. We are told about terrible massacres which occur thousands of miles away, in countries where the C.B.C. sends reporters with cameras and so on. This is beyond me.

It is all very well to tell us what is going on in Viet Nam, but it is another matter to devote energies and millions of dollars to present solely, more or less, news about war and its atrocities. In my opinion, it would be more important to earmark that money for the extension of broadcasting services to those areas of the country which are still without them.

I want to mention, for example, certain towns in northern Quebec, like Chibougamau and Chapais, where C.B.C. television programs cannot be received. The inhabitants of Parent, along the C.N.R. tracks, cannot receive them either.

For six years now, we have been calling for television for the French-speaking citizens of British Columbia. We are told that when the necessary money is available, the French television network will be extended to the population of western Canada.

We hear in this house flamboyant statements to the effect that there is a wish to respect bilingualism, that the French-speaking citizens should have the same advantages as the English-speaking, that they should receive equal treatment. But the only place where all Canadians receive equal treatment by the C.B.C. is in the province of Quebec.

Mr. Chairman, it would cost far less to the government or to the crown corporation to provide a French television service in the western provinces than to cover wars in Viet Nam, Korea, Africa or other countries in the world.

It is all very well to give us news coverage of current events but, I reapeat, we should first provide services for our own people at home.

It would be very interesting, for example, to have television programs showing the Rocky Mountains and the beautiful lakes in that region. It would also be interesting to see the sights in eastern Canada, in the maritime provinces and in the province of Quebec, for example: the Manicouagan or other very important industries, which would be of great interest to Canadians in the west.

Mr. Chairman, I hope that the new C.B.C. management will take into account the wishes of the people, which are mainly to know their country and be informed of what is going on

in Canada. The C.B.C. will fulfil this function when it informs the Canadian people of what goes on in Canada, on what exists in Canada, and when it stops spending millions of dollars to cover wars, murders and shameful events.

Mr. Chairman, we firmly believe that the C.B.C. can be useful. It must service Canadians and serve them with justice and objectivity, giving them the right to speak and respecting that right, so that the C.B.C. may be avluable and truly represent the Canadian people.

Mr. Mongrain: Mr. Chairman, we all remember that the young lady who is Secretary of State said one day that there was something rotten in the C.B.C. That statement angered certain existentialist commentators. I have the impression, just the same, that among the members of this house, that statement met with the acceptance of most of us who are trying to estimate the work performed by the C.B.C. and that, in the party itself, it was agreed that there was much room for improvement in the C.B.C.

At the time when our government was putting forward the improvements, the amendments or the new organizations which we have approved, we hoped that the C.B.C. would give to the Canadian people something more objective and lasting under the circumstances, because we had all deplored, Mr. Chairman, the kind of infiltration which we have all witnessed. I do not think that it is some kind of partisanship merely reflecting electioneering, which is usually deplored, but even then, those conditions were so obvious that we generally recognized there had been some separatism and socialism infiltration within the C.B.C. and in certain fields for reasons which may seem evident to some, less to others, and perhaps also some people who reject all the principles in which we have believed up to now.

Mr. Chairman, I see that my hon. friend, the member for Lapointe (Mr. Grégoire), disagrees. I do not believe that he is protesting on behalf of that swarm of atheists who would like to bring into question again everything in which we believe, we the representatives of all Canadians, of all faiths or allegiances.

We have seen on the C.B.C. revolutionaries who did not even need the excuse of a more acceptable ideology to be given the right of expressing themselves on the air more often than their turn.

Mr. Chairman, a few minutes ago, the leader of the Ralliement Créditiste (Mr. Caouette) said that the C.B.C. could respect all currents of thoughts. That was indeed the opinion of the government which established the C.B.C., of the governments which, ever since, have endeavoured to modernize the C.B.C. structures, and of parliament which has voted this year a very substantial budget to the corporation. I too believe that the C.B.C. should respect every opinion.

However, Mr. Chairman, when I watch the C.B.C. programs, I cannot help noticing that the Liberal party is being treated generously, which is only natural since it is the party in power; the same thing would probably be true of the Conservatives if they were in power. They would be treated just as generously, to be sure.

• (8:20 p.m.)

Members of the New Democratic party also appear more often than their turn, but I am not going to blame them. Perhaps, it is because they have members who are—how should I say; I am trying to find a word to which they will not take issue—who are more aggressive than the others and they happen to be on the French and English networks perhaps more often than would warrant their representation in the house. I am not going to complain about that, because every time they appear, they have something constructive to offer.

The same thing applies to members of the Ralliement Créditiste, but they enjoy an extraordinary advantage. Since they have no money of their own, thanks to the generosity of philanthropists or charitable people who want to save the race, they have programs on private stations to propagate their doctrine, their revalorization of the financial system.

Mr. Chairman, I have been sitting for two years and a half in this corner of the house, next to the door, on the first row. Therefore, nobody can call me a black-bencher, and I am one of those who are wondering why nobody thought of asking an independent, since we are so few. Until recently, we were four; we are now only three: one Independent Conservative, who persists in sitting next to the Conservatives, which implies that his views are rather conservative, the hon. member for Lapointe, my good friend, behind me, who is a Créditiste, a separatist, and an independent, because nobody else wanted him, and myself. We, independents, are of that breed of Christians who are alleged to have to accept anybody with all their failings

and all their qualities. We have accepted the hon. member for Lapointe even though we often disagree with him, and I say so with great kindness, because he also can, if need be, prove rather helpful to us, since he is much more familiar than we are with parliamentary procedure. I think of all that and, in conclusion, I see myself as a true Independent.

In spite of that agreement, the member for Lapointe persists in saying that I am a Liberal or an Independent who has sold out to the Liberals. If I followed his trend of thought, I could say that he has sold out to all types of independent ideologies because, from my point of view, there is only one Independent member and, I say it most humbly, it is the member for Trois-Rivières; all the others ran under other tickets, either Independent Conservative, Créditiste, separatist. They now claim to be Independents because, ultimately, no one was willing to adopt them.

All this, Mr. Chairman, to say that it seems to me that the C.B.C. could, at least once a year for perhaps five minutes, or let us say ten minutes, invite the Independent members to air their views on national politics, to sort out what is good about the Conservatives, the members of the New Democratic party, of the Social Credit party, the Ralliement Créditiste, the Liberals and perhaps even the separatists, and try to make a synthesis, so that Canadian listeners might hear objective opinions; because the only ones left who can laud the ideologies adopted by their colleagues are the ones who bear the obvious label of as categorized a party as that of the Liberals, or the Conservatives, or the the New Democratic party, or the Ralliement Créditiste or the Social Credit party.

On the other hand, those who have some sense of solidarity do not say anything to harm their party; nor do they praise it too highly, for fear of being accused of prejudice, because we, French Canadians, are constitutionally modest. But there remains only one true Independent who ran under the independent ticket.

My friend, the member for Lapointe, claims that I am a faithful servant of the Liberal party, but he did not follow me in my last electoral campaign. He does not know that back home I had the courage to tell my constituents that I would not come here to oppose but to co-operate, because there is enough opposition but perhaps not enough co-operation.

[Mr. Mongrain.]

Were the Conservative party in power, I should adopt the same attitude. I would have adopted the same attitude provided, of course the Conservatives had not made the same blunders as the Liberals, and I feel that things are pretty equal.

If I add up parliamentary childish tricks, and errors due to childishness which can be attributed to the Liberals since they have come to power, I admit, Mr. Chairman, that I start to worry. The situation we witnessed this afternoon is another example that strikes me as sadly convincing, that the Liberal party and the Conservative party need to turn a new leaf. That is what I have been saying for two years and a half in this house and I say it again, as a piece of friendly advice which is not necessarily destructive, although it seems to shock some of my friends on the treasury benches.

Mr. Chairman, I am still talking about the C.B.C. and I find it surprising—I see that everyone understands except the hon. member for Lapointe—that in view of its impartiality, at least that was the intention of the legislators and the leader of the Ralliement Créditiste summarized it when he said that the C.B.C. should reflect all currents of opinion in Canada, the corporation does not invite once a year, for five or ten minutes, the independent member who might be, for the Canadian people, the voice of the conscience of all those parties which have allegiances to respect and which do so sometimes at the expense of the simple and naked truth.

Mr. Chairman, I was shocked on many occasions. I shall mention one case so that the house will understand what I wish to illustrate, because most hon. members, at least the French-speaking ones, who have seen that program, must have also been shocked.

Time after time, young people of 16, 17, 18 and 19 years of age are invited on the French network. They come and tell us that God does not exist anymore, that religion is nothing but utter nonsense, a sham, whereas I believe that the young people of my province, who speak my language, have an entirely different concept of the religious philosophy which must guide a Canadian who has not lost his senses. I am surprised to see that the C.B.C. does not invite young people from my riding and others who are 16, 17, 18, 19 or 20 years old, who are still going to school and who could use their leisure doing things as frivolous as tearing down those eternal truths in

which we have all believed, whatever the language or the formula we use to worship the Creator.

• (8:30 p.m.)

Instead of wasting their time at such things, those young people should be doing, for instance, what we call charitable work or they go and work in underdeveloped countries in order to rekindle the flame of friendship for such developed countries as we are, although we do not always give them any proof, and I cannot conceive that the C.B.C. does not consider having those young people appear on those programs when they occupy their free time with so serious, so constructive and so conventional concerns. It seems that nowadays everything in which the community has believed for thousands of years, should be completely demolished for the benefit of a very small minority, either Catholic or Protestant, or whatever its allegiance. However, the fact remains that we all ask ourselves, whatever our beliefs, if the world in which we live has not had a Creator, and I am surprised, I am even shocked to see the C.B.C. featuring those nihilists, those intellectual revolutionaries who are barely old enough not to be in diapers and who come and tell us that God does not exist, that the religious principles in which we believe are all a sham and foolishness, and that we should not even consider them for a minute.

Mr. Chairman, if the C.B.C.—

An hon. Member: Name the program!

Mr. Mongrain: One cannot name them all. There is "Tirez au clair", for one, and a host of others! Seminary students are guests on these programs. Where I come from, Mr. Chairman, seminaries are religious institutions and I cannot but think that such persons are chosen intentionally, to bring them on television and have them hold such language. I live among French Canadian workers, whom I have known for 20 or 25 years, and I know that they are but a very small minority to think like that. I think that hon. members from the other Quebec ridings—I speak only about the French network programs, but I imagine that the same problem arises on the English network—take the same view, for mine does not differ so much from that of others.

Mr. Chairman, the C.B.C. has no true sense of values.

The Secretary of State (Miss LaMarsh) was right in saying that something was rotten within the C.B.C. Whether existentialist newspapermen and the sophisticated people we have today like it or not, I think that, for the sake of truth and objectivity, we must repeat these things in the house.

Mr. Chairman, the C.B.C. should perhaps have invited more often—at least once a year or, to be reasonable, once every two years—the only independent member in this house.

I would add that my friends in the Ralliement Créditiste are truly independent, for they do not let themselves be influenced by all these partisan considerations. I am not ready to accept their financial ideology because I do not understand it. But their leader is a good teacher and perhaps one day I will finally understand it.

Mr. Chairman, are the actual values of the society in which we are living inevitably negative values? Must the representatives of the Canadian people, who are here to play their part, destroy everything that existed until now? Must we make a clean sweep of everything we had before to take up dubious doctrines which have not proved themselves?

I think that the C.B.C. fails in its duty when it allows revolutionaries, systematic wreckers to attack the eternal values in which we believe. I think that the C.B.C. should reflect the opinion of the majority, and see to it that most programs correspond to the will of the public.

Mr. Chairman, my conclusion will be modest and probably disappointing for those who are listening to me, but I should like to conclude by saying that the Secretary of State, that brilliant young lady whom we know and admire, told the truth when she stated in the house that there was something rotten in the C.B.C. But it is equally true that there are not enough independent members being elected and who could be the "voice of conscience" for all parties, by grouping all members of goodwill who are not free to express in the house what an independent member can express. As a matter of fact, there are among the Liberal and Conservative members, the members of the New Democratic party and the Créditistes, members of parliament who have good ideas and sensible attitudes.

I will stop here as I am well aware that this will not impress the C.B.C. But I should like to have the support of other members

when I say that the C.B.C. is not commissioned to give subversive ideologies an exaggerated importance but rather to serve the Canadian people in what are their strongest assets, namely those truths in which the great majority of us believe, but which the C.B.C. has apparently been taking pleasure in downgrading those past few years.

• (8:40 p.m.)

[*English*]

Mr. Nasserden: Rising to say a few words on this supplementary estimate I would point out to the hon. member for Three Rivers that when he talks about mistakes the Liberals have made during the past three years he is talking about mistakes he himself has made, because most of the time he has been supporting the Liberals in the House of Commons.

I think it is appropriate that on a day like this we should be undertaking a study of supplementary estimates—

Mr. Mongrain: On a question of privilege. I should like to apologize to the hon. member for interrupting, but I have the impression he was speaking about myself. I missed his remarks because I did not have time to put on my earphone. Would the hon. member repeat, for my benefit, what he said?

[*Translation*]

Mr. Grégoire: Mr. Chairman, on a point of order.

Under the rules of the house—I do not know exactly under what standing order—it is forbidden to repeat the same thing twice. That is why, if the hon. member for Trois-Rivières (Mr. Mongrain) is asking that, I wish to point out that it is forbidden under the rules.

[*English*]

Mr. Mongrain: On the same point of order, may I say that I did not address the hon. member for Lapointe. I addressed my question through you, Mr. Chairman, to the hon. member for Rosthern.

Mr. Nasserden: I would be glad to repeat what I said in any place in Canada as well as in the House of Commons. If the government has been making mistakes, as the hon. member for Three Rivers indicated, most of those mistakes have been his mistakes, because he supported the government on so many occasions.

[Mr. Mongrain.]

Mr. Mongrain: On a point of order. I should like to remind the hon. member that there is no city in the province of Quebec which is called Three Rivers. There is only one which is called Trois-Rivières.

Mr. Nasserden: I agree with the hon. member. And Trois-Rivières is one of the most beautiful places in Canada.

Some hon. Members: Hear, hear.

Mr. Nasserden: I hope some day it will send to the House of Commons a member who will support in the House of Commons the things he speaks about.

We have before us supplementary estimates covering a variety of items and, as I say, it is appropriate that on a day such as this in the history of parliament we should be discussing the question of expenditure. If one looks at expenditures on administration in the various departments he is bound to notice that salaries and special services, including professional services, are mentioned in almost every one of them. Take the Department of Consumer and Corporate Affairs, where the amount is $234,578. Then again, in the Department of Energy, Mines and Resources, we find that $67,000—

The Chairman: I am sure the hon. member was listening to the hon. member for Trois Rivières when he said we were supposed to be talking about the estimates of the Board of Broadcast Governors, and that he would do so. May I suggest the same course to the hon. member?

Mr. Nasserden: Thank you very much, Mr. Chairman. That is what I intend to do. I intend to relate what I am saying to the item before us, because on occasions such as this it is the duty of the opposition to draw attention to areas in which the government could make the savings necessary to prevent an increase in taxation, such as they are so desperately seeking from parliament at the present time. To assist me in this connection I have here an article taken from the report of the Auditor General telling us that the C.B.C. spent $104,000 for hotel space which it did not use and a further $217,000 for programs which were junked. Talking about programs which could be junked, I too can think of a few that could very well be junked.

Visiting my riding not too long ago I had occasion to call at the town of Duck Lake. The C.B.C. had a crew out there in connection

with a program dealing with the plight of the Indian population in this country. They went into this community, not to picture what was good but to pick out everything that was undesirable, everything that cast a poor light on the people there.

They dealt with this subject in a film which was sent out across Canada on more than one occasion showing what was supposed to be the situation at Duck Lake. Mr. Chairman, they even had a man go down on his knees and wash his hands in a mud puddle. Then they called Duck Lake a mud puddle, situated halfway between Saskatoon and Prince Albert in the province of Saskatchewan.

• (8:50 p.m.)

That is the kind of thing for which we pay our money. That is why we have a government that is on the ropes today, because it has to provide the money for this kind of thing. Bearing in mind that the C.B.C. spent $104,000 on unused hotel space, how dearly must the Minister of Finance wish he had that $104,000 today. How dearly he must wish he had the $217,000 spent on programs that were junked, and the $103,000 which went into obsolete film.

When the hon. member for York-Humber was speaking on the broadcasting bill, which was his right—whether we all agree with everything he said or not—the Secretary of State offered him $5.48 if he would shut his mouth, saying that was his share of the cost of C.B.C. operations. Yet when the estimates were issued later they showed that the C.B.C. cost per capita is $7. The cabinet intimates that this is a small price to pay for a national institution such as the C.B.C., but recently one newspaper headline pointed out that civil service payrolls could bankrupt Canada.

We must consider economic conditions in the country at present. We must remember how the government has shown a careless attitude with regard to the manpower requirements not only of its departments but of the various crown corporations such as the C.B.C. When we do this we have a picture of a government that does not know how to spend money properly, yet it has the arrogance to come to parliament and seek approval for these supplementary estimates.

Items in these supplementary estimates for the various departments which have caught my eye are those for specialist and professional services. I would like to know how these are broken up and who receives these moneys. I would venture the opinion that much of these moneys go to favourites of the government engaged in the advertising business.

When the government took office it was supposed to have all the answers. It was going to solve all the problems. It was going to eliminate all the waste and extravagance in the public service. Now we see item after item in the estimates portraying the extravagant incompetence of hon. gentlemen opposite.

Mr. Barnett: Mr. Chairman, having listened to the remarks of the hon. member who has just taken his seat I am strongly tempted to say it would be interesting to ask questions about the cost of a certain Tory extravaganza, which some of us had to watch on television last summer. For a few days we had nothing but Tory propaganda broadcast across the length and breadth of the country.

Mr. Baldwin: That was educational television.

Mr. Barnett: The item under discussion is an estimate for the Board of Broadcast Governors, and I would like to make a few remarks on that topic, supplementing some observations made earlier by the hon. member for Burnaby-Richmond.

Mr. Reid: Don't ruin the debate, Tom, by talking about the subject.

Mr. Barnett: I did not catch that interjection.

An hon. Member: He said don't ruin the debate by talking about the subject under discussion.

Mr. Barnett: Mr. Chairman, I detect that you are in a somewhat indulgent mood this evening and I trust you did not catch that interjection. I wish to direct the attention of the committee, and of the parliamentary secretary who is being very attentive to the discussion, to the last section of the Broadcasting Act passed by the House of Commons recently, which says that "this act shall come into force on a day to be fixed by proclamation." I think we should have some declaration from the government on when it intends to make the new Broadcasting Act operative.

This is most important so far as the operations of the new Canada Radio and Television Commission are concerned. Appointments have been made to the top executive positions in the C.B.C., and we assume those new public servants are taking a hard look at the

corporation's operations and at the direction in which it should be moving. I think it is equally important that the new Canadian regulatory body should start functioning as quickly as possible.

The new regulatory body should be taking a hard look at the over-all picture concerning the future of Canadian broadcasting and should be considering the new guide lines to be laid down. In addition to the points raised by the hon. member for Burnaby-Richmond I wish to stress one important area which should receive early attention from the new regulatory body, and this covers the question of how the operations of community antenna systems are going to fit into the current broadcasting picture.

One of the most important changes made in the Broadcasting Act involved community antenna systems. I believe that all concerned should know as quickly as possible the rules, regulations, and the lines of departure that the new regulatory body is going to lay down in this connection. This is something of vital concern to much of the coastal area of British Columbia. At the moment it is of very real concern to certain operators within my area on Vancouver island.

As the parliamentary secretary is aware, the coastal area of British Columbia and Vancouver island is broken up by mountains which interfere with television reception. What is now needed is information on extensions planned by the C.B.C. and private broadcasters in the conventional sense, and the degree of freedom of action which community antenna system operators will enjoy, particularly in the utilization of microwave lengths.

C.A.T.V. people have expressed many fears about the prospect of their coming under the jurisdiction of the new regulatory body. I have suggested that if this new body operates as I feel it should operate, then it will protect community antenna operators, because under the terms of the legislation it must take them into consideration as part of the total broadcasting picture throughout the country.

• (9:00 p.m.)

As I have said this could be a matter of great importance and practical concern to many communities in the more isolated areas of the country which at the present time are not able to enjoy any form of television broadcasting. Associated with this I would hope that the new regulatory body, when planning the total broadcasting picture, would impress upon the C.B.C. the importance of bringing at least basic television coverage to the areas of the country which do not now have it through the public broadcasting system. Again, in mentioning the whole northern three quarters of Vancouver island, which is one area that for a long time had neither television nor radio coverage from the public broadcasting system, I am happy to say that this last year, some 13 or 14 years after I first began making representations, radio service has been brought to many of these communities. However, I understand that television coverage for these areas is a long way in the future.

I believe this matter should be given priority by the council and the C.B.C. when planning its future capital expenditures program. When considering the capital financing requirements of the C.B.C., especially in view of the further terms of reference we have given in the new act, I believe the council should recognize the importance of the C.B.C. bringing at least its basic radio and television services to the areas of Canada which now have no such services. I hope there will be an early proclamation of the new Broadcasting Act and that this will be one of the things which will be accelerated. I believe it is important that this be done and that there be no unnecessary duplication of effort and expenditure on the part of the people in the C.A.T.V. field with that of the people in the so-called conventional broadcasting field. I hope we will be given some information either from the parliamentary secretary or from the Secretary of State, if she returns before these items pass, concerning the intention of the government when the new Broadcasting Act becomes effective.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I listened earlier with great interest to the hon. member for Trois-Rivières (Mr. Mongrain). He reminded me of a San Francisco hippie throwing flowers. For the past two years, he has been going around throwing bouquets right and left. I think that is somewhat the part played by the hon. member for Trois-Rivières in the house. He keeps the vase behind the curtain and when the opportunity presents itself, he does not hesitate to throw it, especially when the person involved is absent. Besides, the hon. member for Villeneuve (Mr. Caouette) knows something about

it, even though he came in for some praise this evening.

He asked earlier to take part in a program, perhaps once every two years, as he said. I would suggest to the C.B.C. that he not be given free time on the program "Les affaires de l'État," but rather on the program "Les travaux et les jours," which deals with gardening, where he would feel completely at home. On the other hand, if he is allowed to appear on the program "Les affaires de l'État, it will be more free time granted to the Liberals. The hon. member for Trois-Rivières may protest as long as he wants but we know very well that it is not necessary to dig very deep before uncovering the ideas of the Liberals in him.

Now, let us go on to more serious matters.

Mr. Mongrain: Mr. Chairman, on a question of privilege.

The hon. member for Lapointe is insulting me when he says: "Let us go on to more serious matters". He is suggesting that the member for Trois-Rivières is not serious in his remarks. I want to tell him that if I were growing flowers I would not grow evil-smelling or prickly flowers like cactus.

Mr. Grégoire: Cactuses grow in barren land, not in good land.

The Assistant Deputy Chairman: Order, please. I wonder whether we should not leave horticulture now to study the question before us.

Mr. Grégoire: That is what I wanted to do, Mr. Chairman, withdraw from growing flowers.

A few moments ago, Mr. Chairman, something about the C.B.C. impressed me particularly and I would like to give it my support: the member for Villeneuve said that all sensible ideologies, whatever they are, must be given free expression on the C.B.C., as long as this is done equitably and everyone is able to express his opinions, and there is no shedding of blood.

Mr. Chairman, one thing should be noted in all this. We would allow everyone to express their views, but this does not necessarily mean that, during a given period of time or during a same week, everyone will have the same opportunity to express their opinions. It comes by variable periods and cycles.

I remember quite well that, following the 1962 election, the Ralliement Créditiste of which I was then a member was quite popular and was invited regularly by the C.B.C., as was the case following the 1963 election.

I remember also that the Conservatives had a lot of publicity, on the news, for two or three months before their convention and that they were given two full days during their convention.

Now, that the Liberal convention is forthcoming, we notice that the candidates to the leadership are given more publicity on the news and they will get even more as the date of the convention draws near. And that is only to be expected.

I noticed also that, during the crisis of February 19 last, when I held in this house the balance of power, the C.B.C., of course, wanted to know what side I would support. It did not last very long because at the end of two days, it was the hon. member for Villeneuve who took over. The television cameras started hounding him, and I find that perfectly normal, because his role became more important.

In 1962-1963, when the Créditistes had 30 members in this house with 26 from Quebec they had some weight and they were a source of news much more important than in 1958 when none had been elected or in 1968 when there is only 8 of them left. The thing is obvious.

Mr. Chairman, we must admit that these things can vary. If, after the next election, they are 50, as I hope, they will represent a greater source of news.

Mr. Caouette: Fifty Créditistes.

Mr. Grégoire: Fifty Créditistes, that is what I said. That will be a much greater source of public news. Sometimes it is the number, sometimes it is the occasion, that attracts the cameras.

I mentioned earlier the Conservative convention as well as the Liberal convention. In such a case it is the occasion which is the source of news and which brings the television cameras zeroing in on such group rather than on other groups. It is perfectly normal. As was the case in 1962, 1963, the Créditistes have had their day—they will probably have it again, I hope so for their sake we must not forget that at the present time, at the Quebec level, there is another group which is also newsworthy. It may not be because of the number of members represented in the house, since there is one here, and two in Quebec. It

may not be either on account of a special occasion but it might come from something else such as, for instance, new ideas. All this is information, and nobody—neither the hon. member for Villeneuve (Mr. Caouette) nor the C.B.C.—can forget it. All these factors must be taken into consideration for that is what makes the news.

• (9:10 p.m.)

For example, when a new power group scores a success, as did the Ralliement Créditiste in 1962; when a party holds a convention, as the Conservatives did last year and the Liberals will this year; when a special event occurs, such as the crisis of last February 19—all this makes news of various degrees of importance and coming from various sources. It allows each particular group to come into the limelight at one time and recede into the shadows at another time. That is normal.

What I find abnormal is that a director general—I do not remember his exact title —Mr. Marcel Ouimet, the general manager of the C.B.C., should send "secret and urgent" messages condemning the publicity given to the so-called "Lévesque Gang". I do not consider that as normal for several reasons.

First of all, the Independentists, as any other group, pay taxes. Furthermore, they are good news material, since they have something new to offer at a given time or period. They come up with new ideas as others could.

Secondly, the number of his appearances on television is considered as "secret", although it has never been so for others. Why send a secret and urgent message to condemn the number of times that the name of Mr. Lévesque has been mentioned, when no general investigation was launched to assess the publicity obtained by others on the basis of news they could represent and the circumstances under which they made the news? If instead of a secret and urgent message, a general investigation were launched by the C.B.C. services, on the number of times politicians have appeared, the circumstances under which they did appear and the sources of such news, perhaps then conclusions could be drawn other than those deriving from a mere interest in a specific ideology, the Quebec independence movement, caused by its novelty.

For a year, there have nevertheless been two members in Quebec and one in Ottawa.

Mr. Caouette: May I put a question to the hon. member?

[Mr. Grégoire.]

A few days ago, as all those who listened to the news on the national television network, I heard Mr. Pierre Bourgault twice airing his grievances against Mrs. Ferretti, vice-president of his group.

Does the hon. member think that can be called expressing ideas? Must the C.B.C. allow time for quarrels inside a party, between Mrs. Ferretti and Mr. Pierre Bourgault, for instance?

Mr. Grégoire: Mr. Chairman, I will give two answers.

I remember very well that when a former member of the Ralliement Créditiste, Dr. Guy Marcoux, left the party, the C.B.C. news service broadcast the ideas expressed by Dr. Marcoux, by the hon. member for Villeneuve, by myself and by another member of the Ralliement Créditiste.

Moreover, when the hon. member for Winnipeg South Centre (Mr. Churchill) decided to sit as an independent Progressive Conservative member a week ago, he was allowed to explain the reasons of his decision and the causes of the division within his party.

The R.I.N. has called a conference which is to be held on March 30. This party has several thousands of members but it is divided. The supporters of both viewpoints have been allowed to air their views. I must point out that the R.I.N. receives much less publicity on the C.B.C. than the Liberal party can have now and this is understandable. It receives much less publicity than the Conservatives during their convention last September.

I think I have answered the question.

Mr. Guay: No.

Mr. Grégoire: The member for Villeneuve asked me if I could explain the matter and I said yes. He had two reasons. First, the R.I.N. convention is the object of as many comments as the Liberal convention taking place at this time and the one the Conservatives had, last September.

Second, that quibbling has been explained over the news, just as all other quibblings that have taken place.

These are but two examples.

Mr. Guay: Bourgault is not a member of the house.

Mr. Grégoire: That does not make any difference. It is a political movement that has its justification.

In this connection, I would remind the hon. member for Villeneuve, for the benefit of the hon. member for Lévis (Mr. Guay) that before 1962, when we did not have any member in the house, when we were in the same position as that referred to by the hon. member for Lévis, the hon. member for Villeneuve and I were saying that nothing represented in the House of Commons, was not a sufficient reason to be deprived of the news services from the C.B.C. Any ideology should be freely expressed. It is after elections that public opinion makes itself known.

Mr. Caouette: I wish to point out that before the election, the C.B.C. never asked us to express our views or to say anything. On the other hand, when the disagreement arose, we had actually been elected by the people, whereas neither Mr. Bourgault nor Mrs. Ferretti were and will ever be elected.

Mr. Grégoire: I admit that they were not, but I am not a prophet any more than the hon. member for Villeneuve to say that they will not be. Just wait and see.

The hon. member asks me whether I admit that before 1952, we had never been asked. I will not say "never", but I agree that even without a single elected member, we were far from getting the publicity we were entitled to. We were told at that time, as the hon. member for Villeneuve will remember, that the Ralliement Créditiste would not get a single member elected. But we got 26 elected.

And now, the hon. member for Villeneuve says: You will not get a single member elected! He will admit with me that by saying that we will not get one member elected—

Mr. Caouette: I mean at the federal parliament.

Mr. Grégoire: We do not intend to run for the federal parliament and the hon. member knows it. But he must confess that he is using now the same arguments the Liberals used at that time. I would ask him to show his good faith by calling on him, in any event—

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

Mr. Grégoire: Of course.

Mr. Mongrain: Mr. Chairman, would the hon. member for Lapointe not make a distinction between what is usually called newscasts, interviews, forums or expressions of opinions which are presented as being the opinions of most people?

Mr. Grégoire: Of course, Mr. Chairman, one must make distinctions in all that. But whether on news programs or elsewhere, all ideologies have their place.

If a political party, for instance, even one not represented in parliament by a member, brings together in a convention 1,000, 1,200 or 1,400 persons in Quebec only, that is news.

The member is asking whether I admit the difference. I also admit that all ideologies must have access to the opinion programs, for these ideas must be presented to the public. I think that all ideologies have a right to both kinds of programs, opinion and news.

Mr. Chairman, I think my answer satisfies the member for Villeneuve. He has suffered enough discrimination from the Liberals, before 1962. As I am personally aware of the situation, I think he is satisfied with my answer.

When you have been in the same situation, Mr. Chairman, you understand what I mean. The hon. member for Villeneuve knows what I mean when I say that even though we did not have any elected representative before 1962, we represented an ideology. The fact that we did not have any elected member at that time did not prove anything, since we had 26 elected later on. I hope there will be as many in the future.

Mr. Caouette: But we did not have any before.

Mr. Grégoire: We had some after. People believed in that theory, since we had 26 members elected. That, we know afterwards. But beforehand, we should not try to stifle ideologies.

• (9:20 p.m.)

Mr. Chairman, I am now reverting to the point I was dealing with. What worries me most is that a general manager of the C.B.C. should send "confidential and urgent" messages condemning on ideology because the name of a certain person or that of his movement were mentioned a certain number of times—28 times, I think—in the space of ten days, three weeks or a month.

In my opinion, that is not right. If somebody wishes to have such inquiries made and to quote figures, this should be done for all and in an honest way. I do not see why such messages should be sent confidentially, since the public must be interested in knowing these figures.

The proof is that the hon. member for Villeneuve and I myself have already put on the

order paper questions asking how often a certain person had appeared on television, on a certain program, and we have always received an answer.

So, why send secret messages? What is there to conceal in all that? What does the manager of the C.B.C. want to hide? Would he want to prepare a black list of independentists? Why, Mr. Chairman? They are citizens who are entitled to their opinions as long as they express them peaceably and quietly, and I think that they are now expressing their opinions quietly and peaceably.

Mr. Guay: 7-Up.

Mr. Grégoire: The hon. member for Lévis says: 7-Up. The Liberal party was there, as well as the members of the N.D.P., the Q.F.L. and the C.N.T.U. Let us not try to blame what does not exist. Some individuals may have taken advantage of the circumstance to create trouble. We do not approve it; on the contrary, we disapprove it; we condemn it. But as long as we do it peacefully and quietly, there is no reason to try to prevent the expression of any ideology.

Mr. Chairman, the hon. member for Trois-Rivières (Mr. Mongrain) mentioned that all political parties were invited to the programs "Les affaires de l'État" and "La politique provinciale".

It should not be forgotten that at the last provincial election, 9.9 per cent of the people, that is 200,000 persons, voted for the independentists, and out of 25 programs available to the provincial parties, only one went to the independentist parties. Do you find that sufficient considering that independentists got 10 per cent of the vote? Can you say that that is normal and reasonable? Mr. Chairman, I think it would be advisable to ask the C.B.C. to revise its calculations in this regard.

That is what I wanted to say. I think the general manager of the C.B.C., Mr. Marcel Ouimet, should stop trying to build a black list around ideologies, around individuals who have the right to express themselves on the C.B.C. He should become a bit more broad-minded and allow everyone to make himself heard, and not prevent the Independantists from appearing on the C.B.C. because, like everybody else, they pay taxes to support that institutions.

Mr. Valade: Mr. Chairman, some time ago we had the opportunity of expressing our views and our wishes with regard to the C.B.C. I do not therefore intend to repeat the opinions expressed at that time.

Nor do I want to repeat the recriminations, the personal complaints and lamentations voiced by the members for Trois-Rivières, Lapointe and Villeneuve (Messrs. Mongrain, Grégoire and Caouette) because by so doing we would be straying from the purpose of the debate in which we are taking part this evening.

However, while we are studing item 1 of those estimates, I should like to express the views of those who elected me here, to acquaint my colleagues and the government with their views on that crown corporation.

I repeat that I do not intend to lean to generalities that I could lead us to criticisms with regard to all fields of administration of the C.B.C. I do not have to do so as recently, the regional director of the French network, Mr. Marcel Ouimet, in non-equivocal and extremely overwhelming terms severely criticized the conduct of his subordinates. What concerns me is to see that a responsible person in such an important position within a crown corporation should deem it necessary to accuse publicly employees under his own authority. Moreover, those charges were so serious that they infected and affected as well the confidence the public should have in this crown corporation. I said "infected" as I believe there is within the C.B.C. an infection which the regional director of the French network deemed necessary to expose publicly. We all know—all the members of the house are aware of it, whether they admit it or not—that there is within that organization an all-powerful control depending not upon the higher authorities, but in many cases upon those holding inferior positions in the hierarchy. We know, for instance, that there is in the field of public affairs an all-powerful person who determines what programs of public interest will be broadcast by the C.B.C. and what people should be chosen to take part in them.

Finally, that person whose name I believe I can mention, Mr. Marc Thibault, enjoys a greatly exaggerated authority within that crown corporation. Several employees of the C.B.C. complained to my office in the past about the omnipotence, the power of that high official who domineers over the public information broadcasts and controls them according to his whims.

So, if the regional director—

Mr. Caouette: Not the regional director, the general director.

Mr. Valade: —the general director of the French network deems it necessary to make such a criticism known to the public, it is because, in my view, he seems unable to solve the problem. On account of the part he is made to play, of the little authority or the little protection he is given by the government, he felt, at a given time, the need to express publicly his uneasiness in the face of conditions he is unable to correct by himself.

Mr. Mongrain: Mr. Chairman, I rise on a point of order. I have been listening to my friend, the hon. member for Sainte-Marie (Mr. Valade), who is usually very objective, but I would not want him to lead the house astray. Twice now I have heard him say that the vice-president wanted to discuss publicly a matter of internal administration, when everyone knows that those were confidential instructions sent within the C.B.C. administration. It was through the indiscretion of some journalists that they were made public. The vice-president did not publish them.

Mr. Valade: Mr. Chairman, I do not feel that the point of order raised by the hon. member for Trois-Rivières (Mr. Mongrain) is justified.

If those instructions leaked out or were published in the papers because of an indiscretion, I am willing to take the word of the hon. member for Trois-Rivières for it.

On the other hand, with regard to Mr. Ouimet's statement, one may wonder whether there really was a leak or whether, in certain quarters, someone did not want those instructions to appear in the newspapers.

In any case, whatever the technique that was used, one cannot deny that there is very deep unrest within that corporation, specially when a person in authority such as Mr. Ouimet, feels unable to solve as difficult a problem as that one. I think that, in a case like this it is the duty of parliament or of this government to step into the picture. After the violent accusations the Secretary of State (Miss LaMarsh) launched against the corporation, I wonder what we are waiting for to show that we are not afraid of a corporation which is in some way the child of the government, that we do not hesitate to protect the interests of the public which must pay the cost of the corporation, to set up the machinery of an inquiry?

• (9:30 p.m.)

Let us convene the committee on broadcasting, films and assistance to the arts, let us conduct an inquiry, in camera if necessary, but, if we have some respect for those who have elected us, I do not think we should allow all kinds of doubts or implications to subsist. If there is any basis to them, the situation should be corrected. Otherwise, those who cast doubts within the C.B.C. should be blamed.

I do not want, Mr. Chairman, to dwell further on that point. I will probably have the opportunity to bring it up again, but I would like now to refer to an extremely important thing for the city of Montreal.

Several years ago, that is in 1958, 1959 and 1960, the C.B.C. began negotiations with the Montreal authorities for the construction of a complex for the technical facilities, the studios, cameras, indeed for all that is required for the new television technique.

The former government had committed itself, with the city of Montreal and Central Housing and Mortgage Corporation to build in the eastern part of the metropolis what was known as the "Cite des Ondes".

As we know, this project was to have been started on October 1st, 1965. But of course, after election day, it was put off until October 1st, 1966. The present Secretary of State, and the one before her, who is now in the other place, had, at a number of public meetings, promised the Montreal taxpayers that no delay would be tolerated on this project.

However even though it is of vital importance to the metropolis of Canada, it has been continuously put off. At that time we believed the minister when she said, that this "Cité des Ondes" project was being put off until the end of Expo '67, in view of the considerable amount of works that would accrue to Montreal because of Expo.

Expo is over now; business is extraordinarily slack in the city of Montreal, where you find more than 8 per cent of the unemployed of Quebec. All merchants, businessmen, citizens and workers, who are interested in knowing the government's intentions as regards this project, are still waiting for the implementation of this election promise by a minister, by a government which have given no indication yet of their intentions concerning the execution of that project.

Some people say it will be worth $70 million. Perhaps the population will be told that

because of the austerity program, the government lacks the money. Perhaps the government will say: We cannot afford it, and the project must again be put off.

However, Mr. Chairman, in that is a political and moral obligation of the Liberal government towards the people of Montreal. It consists in carrying out that project in Montreal without any delay. If there is a lack of money, perhaps the government could reduce the C.B.C. budget by $15 or $20 million a year, and after three years, it would have paid for the new buildings of the corporation.

We have no right to leave the entire population of the metropolis of Canada in a state of indecision. All this is extremely prejudicial to the businessmen and the people of the eastern part of Montreal.

I am surprised—and I say this without reflecting whatsoever on my Montreal colleagues—at the silence of my friends opposite who represent ridings in the Montreal area. The population is greatly concerned over the government's delay in carrying out that project and I am surprised to find that no Liberal member from Montreal is rising to insist that his party, the present government, keep its formal commitment toward the people of Montreal. If the government fails to make its intentions known, whatever they are, the people of Montreal will surely not forget it. The government should recognize that that is a formal commitment, an undertaking, an election promise that it is not keeping and has not kept. Mr. Chairman, I feel I had to emphasize in this house that oversight, that anomaly on the part of the Liberal party.

Those are the few remarks I wanted to make.

I want to stress again that millions of dollars which could be invested in the eastern part of the city of Montreal will be so only when the people, the businessmen and the contractors know whether or not those buildings will be erected in the eastern part of Montreal as promised. Incidentally, I met several people who assured me that there will be a recrudescence of activity in the eastern part of the metropolis, as soon as the government makes its intentions known. It will certainly help the workers to get some work and alleviate the serious problem of unemployment which exists in the Canadian metropolis.

[*English*]

Mr. Brand: Mr. Chairman, I intend to be mercifully brief. When the hon. member for Rosthern was cataloguing the waste the Auditor General found in the C.B.C., to the extent of $320 thousand. I could not help thinking back a year when the Board of Broadcast Governors approved the Canadian Broadcasting Corporation's request that television facilities should be built in the city of Saskatoon, my constituency. This facility had been promised for many years and suddenly the cabinet, faced with financial problems and all the other internal problems, squashed the idea very completely. I thought perhaps that now was as good a time as any to rise and briefly ask the government once again whether or not they would consider reinstating the construction of this facility. They seem willing to see $320 thousand wasted which incidentally was the amount of money voted in the estimates from which this facility in Saskatoon would have been supplied. Somehow or other, the money got lost.

I can assure you that the people of my constituency, who are contributing something over $7 per capita to the Canadian Broadcasting Corporation, would be more than interested in being able to assess the results of their investment in this crown corporation. Saskatoon is the only city of its size in Canada that does not have a second television facility, and I feel the time has come when this should be provided. In addition, provision should be made for a satellite transmitter to cover the other areas to the west. A year has gone by, and we have been very patient in my city. If the aspirants for leadership have any influence at all,—yes, even the good looking ones, and I note that three of them smiled when I said that—it would be very much to their advantage to press on their cabinet colleagues the need for allowing this facility before April 6. Certainly we believe we are entitled to it. Heaven knows we are paying for it. I feel we should have the opportunity to decide whether or not our money is being well spent.

The only C.B.C. programs we get from the station we have are the ones the C.B.C. dumps on that station. Some of them are good, I will admit, that, but some of them are utter trash, as has been pointed out before. I should like to tell the government that from now on, as long as the house is sitting, I intend to raise this matter at every possible opportunity until they see the error of their ways and allow Saskatoon the privilege of having a C.B.C. facility in that city.

• (9:40 p.m.)

Mr. Sherman: Mr. Chairman, I am one of those in this chamber who during the past two years or more has on several occasions had some stern and critical things to say about the Canadian Broadcasting Corporation, particularly in the area of public affairs programming on television. Therefore it may surprise some members of the committee this evening to learn that I come here not to bury Caesar but to praise him.

I believe that the criticisms that have been levelled at C.B.C. public affairs programming on television during the past two years by a number of members of this chamber, including the hon. member for Elgin, the hon. member for Oxford, the hon. member for Leeds, myself and others who have spoken out, were entirely legitimate. Certainly I know they were criticisms made by those who were entirely sincere and conscientious, and I am now satisfied that those criticisms were compeletly constructive.

I think it is becoming apparent to an encouraging degree, albeit to a limited extent, that some of the shafts of criticism have found their target and are producing some improvements. I like to think that it is because members of the chamber, as well as members of the general public, editorial writers and members of the press, have taken it upon themselves to speak out in this area and objectively and constructively to analyse and assess what our public broadcasting service is doing, what it is achieving and where it is falling short of its legitimate aims, that these encouraging improvements, gradual and minimal as they may be, are now becoming evident in our national broadcasting programming.

I exclude myself from any participation in this exercise, but as far as the others to whom I have referred are concerned I suggest they can take some well earned satisfaction at the degree of study and application that they have brought to bear on this question. In the past little while public affairs programming in the C.B.C. television service has reflected a substantial improvement in the area of balanced programs, an area about which many of us expressed concern. I think this improvement is reflected in a general healthiness in the programming of the corporation that was not present before.

There are two cases immediately in point. I think of some excellent public affairs shows on C.B.C. television last week, one on India and another on the anatomy of communist espionage. I also think of what I found to be a moving experience last night when producer Beryl Fox's tribute to Bernard Fall was presented on C.B.C. television in the form of a documentary film entitled "Last Reflections on a War". Personally, Mr. Chairman, I found my exposure to that hour of documentary film a moving experience and an infinitely poignant one. I do not agree entirely with the persuasion of the film itself, but generally I thought it was a fair, objective, valuable and, as I said before, infinitely poignant contribution to the current bibliography on Viet Nam.

I did not feel that way about the first film that was produced by Beryl Fox entitled "Mills of the Gods", an award winning film which admittedly was technically and artistically excellent. I did not feel, however, that the content, philosophy, persuasion and message of that film was entirely constructive, objective, fair or balanced. However, that is my personal opinion, and I dare say that others in the country, and certainly Miss Fox herself, have a view that is opposed to mine. I thought her first documentary left something to be desired and I have said so both inside and outside the chamber.

However, Mr. Chairman, whatever shortcomings were found in the first documentary poem that Miss Fox did on Viet Nam, and whatever weaknesses and errors were there, these were more than overcome and compensated for last evening in her moving film that the C.B.C. screened last night under her production, "Last Reflections on a War". I do not believe that such a documentary could possibly have been shown on the C.B.C. network two years ago. Two years ago, even a year ago, I felt that this was the type of balance or objectivity that was desperately needed in television programming on the national network of this country but which we were failing to get because of a particular cant, slant or point of view that was being brought to international affairs as a result of certain influences that were being exerted in the programming department of the C.B.C. However, this kind of objective approach is now possible, and the documentary screened last night was a manifestation of that approach.

Some members of this house, and other people outside it who have spoken out during the last two years or more against what they felt was a serious weakness in the programming policy of the C.B.C., can now take some well deserved credit for having achieved

improvement in this particular area. It is an improvement that a great many Canadians—I venture to say the majority of Canadians—desperately and devoutly wished and which they now hail with considerable satisfaction.

On the whole, Mr. Chairman, I think the programming is now considerably better balanced. There is certainly less of what I regarded as blatant and unreasonable anti-Americanism in the C.B.C. television news broadcasts and some of the more telescopic public affairs programs such as "Viewpoint". As I say, I think this creeping evidence of balanced objectivity is a response to the views enunciated in this chamber and articulated by people outside the chamber, not just by professionals, such as members of the press and people in other areas of professional life who have spoken up, but by the average citizen who has made his opinions known through the mail, at meetings and by word of mouth. I suggest they can take satisfaction from something that represents an obvious improvement in our national broadcasting service and its approach to national events and affairs. Much needs to be done, but there is evidence of the legitimacy of many of the criticisms some of us expressed about the C.B.C.

• (9:50 p.m.)

About ten days ago, Mr. Marcel Ouimet, a top executive of the corporation, felt constrained to issue a directive focussing attention on separatist influences and programming tendencies within the corporation. Inside and outside this chamber during the past two years, evidence, with supporting documentation, was given of this unfortunate and nefarious practice. Unfortunately, though, these activities have been hard to prove. Such activities, which are sensational and invite criticism, tend to compromise the credibility of the person making a charge. I think that those who spoke out against the use of existing C.B.C. facilities for the spread of separatist influences are to be commended.

The criticisms of the corporation which have been made are justified beyond all shadow of doubt. Because of Mr. Marcel Ouimet's initiative a few days ago evidence in black and white was brought forward to show that this unfortunate manipulation and exploitation of national broadcasting facilities, for which each and every one of us pays, was taking place. The evidence of that manipulation and exploitation was so serious and strong that a senior executive, Mr. Ouimet, felt constrained to tell all program and production personnel working under him that he was aware of this practice, and that it was their responsibility in the interests of Canada and confederation to eliminate it so far as was constitutionally and legally practicable within the national corporation. At the same time it must be remembered that a great many people in the corporation display loyalty and patriotism to this nation.

Much needs to be done to improve the corporation, as was made evident in the past few days. Nevertheless, having been fairly free with my criticisms of the C.B.C., I wish to take this opportunity to say that I believe in giving credit where credit is due. I believe a concerted effort has been made in recent weeks on the part of program directors and senior executives of the C.B.C. to bring a new balance to their public affair programs, and I commend them for that. There is room for better balance, as there is always room and need for vigilance and management responsibility, but a start has been made in the direction of improving matters. I should be delinquent as a member of this chamber and as one who is interested in this field if I failed to recognize the improvement that has taken place.

May I say a word or two about the Board of Broadcast Governors, covered by this item in the estimates. Though some of my remarks have not dealt with this central subject, since Your Honour was charitable enough to allow others to deviate from it I hoped you would allow me to do the same, and I thank you for allowing me a certain latitude.

When considering the B.B.G. we must realize that in Canadian broadcasting we have come to the end of an era, an important era in an important industry. Soon the B.B.G. will be phased out of existence, to be replaced by the regulatory authority, the Canadian Radio and Television Commission. It behooves us now to salute an authoritative body that has made great contributions to Canadian broadcasting. In particular it behooves members of this house to salute the outgoing head of the B.B.G., Dr. Andrew Stewart. I do not know what plans Dr. Stewart has for his future because I have not been privy to any decision that has been made. However, judging from the silence on the subject I should judge that Dr. Stewart is not planning to extend his active life in broadcasting at this time. If one may judge from the lack of comment with

regard to C.R.T.C. appointments up to now and with regard to Dr. Stewart's future plans, one might expect that Dr. Stewart will be employing his many talents in fields other than broadcasting, though what those fields will be it is difficult to say.

I wanted to say some things about the B.B.G. which the house I think would wish to hear, but time does not permit me to do so now. Perhaps within the next 24 hours I might be permitted to continue my remarks. May I call it ten o'clock?

The Assistant Deputy Chairman: Order, please. Since it is ten o'clock shall I rise, report progress and request leave to sit again?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, may I ask the government house leader what surprises the government has for us tomorrow?

Mr. MacEachen: Tomorrow we want to take second reading of the tax bill.

Mr. Knowles: Which one?

Mr. MacEachen: Following that, we shall take the supplementary estimates.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

INDIAN AFFAIRS—SASKATCHEWAN—MEDICAL DECISIONS AFFECTING STERILIZATION AND CONTRACEPTIVES

Mr. L. M. Brand (Saskatoon): On February 8 I addressed a question to the Minister of Indian Affairs and Northern Development asking whether he had received letters of protest from certain medical authorities in Saskatchewan regarding actions by officials of the department of Indian affairs in making arbitrary and long distance medical decisions contrary to those made by the local doctors with respect to treating Indians in connection with medical sterilization and the use of contraceptive pills.

Quite properly, the minister pointed out at that time that I should have addressed my question to the Minister of National Health and Welfare within whose purview the question of the health of Indians comes. However, I should like to point out that I deliberately addressed the question to the minister of Indian affairs because it seemed inconceivable to me that decisions affecting Indians and the manner in which they are treated should be made unilaterally by the Department of National Health and Welfare, without consultation with the minister of Indian affairs.

Needless to say, when this matter was brought to my attention I was very perturbed about two factors in particular, first that there should be bureaucratic interference with bona fide medical decisions and, second, that there should be an attempt by the department, whichever it was, to control Indians—to consider them as some sort of imbecile ward of a government department.

The question came to my mind whether we were encouraging the Indian people toward self-determination by acting in this way, and whether this bureaucratic interference with valid medical decisions should be permitted. In support of my statement I have here a copy of a letter from the Department of National Health and Welfare in which, after a reference to the sterilization of two particular native people who are mentioned, the following appears:

> Sterilization for Indians is not condoned as a directorate policy, nor is the routine use of contraceptive device or pill. However, with certain medical grounds contraceptive techniques are allowed under physician guidance.

It is true there are valid medical reasons for sterilization, apart from any policy which might be laid down by a bureaucratic administration. For example one could mention chronic disease, such as kidney disease or tuberculosis where further pregnancies would exacerbate the disease, and where there are several children in the family and it was felt sterilization should be carried out. And there are many gynaecological reasons for precluding further pregnancies unless grave risk to the mother is accepted.

The use of the contraceptive pill may also be justified for valid and cogent medical reasons, not just for the social reasons which we have all come to understand. Today we seem to be asking for self-determination for our Indian people, the development of a spirit of self reliance so that they can look after themselves and play their part to the full in our society because, after all, they are the true

founding people of this country. Accordingly, it seems to me this interference with valid medical decisions should be ended and that Indians should be given freedom to make decisions for themselves under proper medical guidance.

I would be very interested in hearing either from the Minister of Indian Affairs and Northern Development (Mr. Laing), who I know has a sympathetic regard for this sort of problem, or from the parliamentary secretary to the Minister of National Health and Welfare (Mrs. Rideout), to see whether or not this policy is going to be reversed, and what are the plans of the departments to look after what to me appears to be a very serious problem.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I have checked with the Minister of Indian Affairs and Northern Development (Mr. Laing) about the question the hon. member has raised, and I have been advised that he has received no letters protesting the action that his officials allegedly took in connection with medical sterilization and the use of contraceptive pills by Indians. In any event these matters would normally come within the purview of the Department of National Health and Welfare. The Minister of Indian Affairs and Northern Development has also informed me that his officials did not send out a directive regarding sterilization or the use of contraceptive pills by Indians.

AGRICULTURE—POTATOES—IMPORTS FROM U.S. INTO WESTERN CANADA

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I am grateful that the parliamentary secretary to the Minister of Agriculture (Mr. Beer) is present to listen to the subject matter which I wish to bring to the attention of the department and the minister. What is involved is an application by the Canadian Horticultural Council, on behalf of the potato growers organizations of Manitoba, Alberta and British Columbia, made to the minister in an attempt to get him to consider imposing value for duty on the importation of potatoes from the United States.

The application for the imposition of value for duty was made on January 22, by which time the groups involved had already become concerned about the effect which American surplus potatoes was having on prices paid to producers in western Canada. The application was followed up by a delegation which came to see the minister in Ottawa in February. Since then there has been no indication from the minister as to whether he will accede to this request.

Last week I asked the minister if he was in a position to say whether his officials had made any calculations to determine whether in fact there was dumping of American potatoes in Canada. The minister has said that one of the reasons the government has not as yet agreed to the imposition of value for duty is because of the opposition to such a course of action by maritime provinces potato shippers. It is not clear in my mind, nor in the minds of western potato growers and their representatives, whether the potato shippers from the maritimes are truly representative of the growers or whether they are more representative of the wholesaler and distributor segments of the potato industry in that part of the country.

In any case I would like to point out that section 40(7)(b) of the Customs Act provides that the minister may have a calculation made as to the importation of any fruit or vegetable into this country to determine whether or not the price at which they come in constitutes dumping. The minister should do at least that much. He should indicate to the people who have made this request to him six weeks ago what the findings of his officials were with regard to their application. He should not just simply sit back and say that they are giving the application consideration, but that because they have this opposition from the maritimes they do not feel it would be wise to take any action just yet.

• (10:10 p.m.)

The fact of the matter is that very often when a value for duty imposition is requested by producers, if action is not taken within two or three weeks it really loses its effectiveness. At the time in late January when the application was made approximately 40 per cent of western Canadian potato production was still not marketed. As a result of the procrastination and the failure to impose the value for duty there has been a depressing effect on prices to the producers in western Canada. Twenty per cent of that 40 per cent has still to be marketed.

When does the minister intend to take action in this regard and impose a value for duty? If another six week period goes by he might as well forget it. It should be said in closing that the potato growers in western

Canada have had to suffer through two consecutive years of depressed prices. This is not a healthy situation for any industry. Last year it could have been argued that the low price was due to over-production on the part of the producers themselves. I believe the minister suggested this last year. His advice was heeded by the growers and aided perhaps by nature. The fact is that potato production is down considerably in Canada this year, but despite this reduction the over-all prices remain depressed. They remain depressed because of the huge surplus south of the line which, as I said, is acting as a depressant on Canadian potato prices.

There is much more in the way of fact and figures which I should like to place on the record, but this is not necessary in view of the fact that the minister was in receipt of the brief and the application of the Western Canadian Potato Growers Association. They show a formula which under the provisions of section 40(7)(b) of the Customs Act could mean that the minister could take action to place a value for duty on American potatoes at a level of approximately $2.75. If this were done I am sure Canadian producers would be satisfied. By doing this the minister would be doing nothing more than what is provided for under the law. The law is there and I should like to know why the minister does not avail himself of it.

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I should like to express the appreciation of the minister and my own personal appreciation to the hon. member for Springfield (Mr. Schreyer) for the very responsible way in which he has presented his question. I am pleased tonight that I have a rather straight-forward answer for him, which I am sure he will find helpful, if not as encouraging as it might be.

Early in February the Minister of Agriculture (Mr. Greene) and the Minister of National Revenue (Mr. Chrétien) met with representatives of the British Columbia interior vegetable marketing board, the British Columbia coast vegetable marketing board, the Alberta potato commission and the Manitoba vegetable marketing commission at which time they requested that the government impose a minimum value for duty on potatoes imported into western Canada under section 40A(7) of the Customs Act. They indicated that their application had the support of potato growers organizations in Quebec, Ontario, Manitoba, Alberta and British Columbia. However they indicated that concurrence in their application was refused by officials of the growers, shippers and processors associations of Prince Edward Island, New Brunswick and Nova Scotia.

Following these representations the government set up an interdepartmental committee to consider the application. A review of the situation by this committee indicated that a minimum value for duty on potatoes imported from the United States was not appropriate under conditions existing at that time. In reaching this conclusion the major factors that were considered were:

1. The relative volumes moving from the United States into Canada;

2. The importance of the trade in potatoes between Canada and the United States;

3. The lack of unanimity and the opposition to the imposition of value for duty on potatoes by other growers across Canada;

4. Our obligations under the General Agreement on Tariffs and Trade;

5. The fact that the United States was at that time instituting a potato diversion program aimed at strengthening their market.

Since then the matter has been kept under continuous review by departmental officials and has been considered from time to time at the ministerial level. In the meantime prices in the United States have firmed and this has been reflected in prices in western Canada. The situation, however, is being kept under review.

COMPANY OF YOUNG CANADIANS—REPORTED SUBSIDIZATION OF PRIVATE SCHOOLS IN B.C.

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question arises out of a program which appeared on television yesterday, "Through The Eyes of Tomorrow", which dealt with three private schools in the Vancouver area, the New School, the Barker School and the Knowplace School. At no time during the course of the program was any mention made that two of these schools, the Barker School and the Knowplace School, are being subsidized by the federal government through the Company of Young Canadians.

This was a rather surprising oversight because we know that the Company of Young Canadians recently hired a public relations officer whose job it is to see that this organization obtains wide coverage for its activities.

On the other hand, I think anyone viewing the program would understand the oversight, because I am sure that the average taxpaying citizen would not be reassured, after watching the activities in the schools, to realize that his tax dollar was going to subsidize a private school.

I raised the question of the Knowplace School, but if there is any doubt about it, with regard to the Barker School there is an article in the Vancouver *Province* of February 14, written by Mr. Wilf Bennett, which reads in part as follows:

> Barker admits his school would be out of business this year if it weren't for a boost from the Company of Young Canadians. His staff teachers are C.Y.C. members, drawing incomes of $2,600 a year —not princely by today's teacher salary standards but enough to get by on. The C.Y.C. is backing the school for just one year.

Also, there is an article which appeared in an issue of "The Ubyssey", the student newspaper of the University of British Columbia, which reads in part as follows:

> Barker admits his school would have been out of business this year if the Company of Young Canadians had not agreed to pay the salaries of his staff. "We charge parents what they can afford to pay, but this doesn't nearly cover our costs. If it weren't for the C.Y.C., we couldn't have operated this year."

So I do not think there is any doubt about the involvement of the C.Y.C. in an activity that is completely outside the scope of the act under which that organization was set up. Certainly sections 14 and 15 of the act dealing with the objects and powers of the company expressly indicate that it is to work alongside of and in co-operation with the existing organizations in the field. This would include the field of education. Anyone watching the television program would realize that a good deal of the time is spent in direct criticism of the existing school organizations.

• (10:20 p.m.)

Again I might draw your attention, Mr. Speaker, to an article from *The Ubyssey* written by one Terry Campbell for the Canadian University Press. Speaking of the schools, he said:

> The second thing that is clear is the youngsters who are coming out of the free schools are going to be very different from our normal schools system's product.
>
> They will not be complacent acceptors of the status quo or apathetic citizens. They will be the product of an organized attack against the existing educational structure and are going to expand this attack into other areas of society.
>
> The movement is young and spreading. Its ultimate results remain to be seen.

This is one observer's view of the activities which the federal government is subsidizing through its Company of Young Canadians. I would argue that it was not the intention of this parliament when it passed the bill to launch an attack on the public schools system of British Columbia or of any other province. I would ask seriously whether the federal government is investigating the constitutional factors involved in this most remarkable intrusion of the federal government into the field of education in a province.

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, this question was raised by my friend, the hon. member for Okanagan-Revelstoke, this afternoon, and his representations will be brought to the attention of Mr. Alan Clarke, the director of the Company of Young Canadians.

Mr. Speaker: Order, please. The motion to adjourn the house is now deemed to have been adopted. The house stands adjourned until 2.30 p.m. tomorrow afternoon.

Motion agreed to and the house adjourned at 10.25 p.m.

[The following items were passed in committee of supply this day:]

DEPARTMENT OF FINANCE

4c, 46c.

INSURANCE

1c.

DEPARTMENT OF VETERANS AFFAIRS

1c, 25c, 38c, L120c.

HOUSE OF COMMONS

Tuesday, March 12, 1968

The house met at 2.30 p.m.

GRAIN

WHEAT, OATS AND BARLEY—STATEMENT AS TO FINAL PAYMENTS

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I wish to make a brief statement regarding final payments for barley and oats. Producers delivered 35,-104,357 bushels of oats and 106,155,792 bushels of barley to the Canadian Wheat Board in the 1966-67 crop year. The pools for these two crops were closed on January 31. The amounts of the final payments to be distributed are $8,402,616 for oats and a record $35,-798,202 for barley.

These are not payments by the government of Canada, but represent the net returns of the Canadian Wheat Board in the marketing of western Canadian oats and barley for the 1966-67 crop year. The board will begin mailing the final payment cheques for barley today, and immediately after completion of the barley payments the final payment cheques for oats will be distributed. The average final payment for barley of 33.7 cents a bushel has been exceeded only once, and the average final payment for oats of 23.9 cents per bushel is just slightly below last year's record payment.

I beg leave, Mr. Speaker, to table the statement being issued today in Winnipeg by the Canadian Wheat Board regarding these final payments.

Mr. Speaker: Has the minister leave to table this document?

Some hon. Members: Agreed.

Mr. Winters: The 1966-67 wheat pool account was closed on February 29 and the necessary accounting is now being completed. I expect to be able to make an announcement in about two weeks, when the board will be in a position to commence mailing the final payment cheques for wheat. I may say, however, that through international co-operation toward the implementation of the international grains arrangement scheduled for July 1, the marketing of wheat is now more orderly both as to demand and price.

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, the farmers of western Canada will be pleased to learn that the cheques in payment for oats and barley will be issued soon. Since sales during the past crop year have been much below previous years there is a very serious shortage of cash in the hands of farmers with which to pay the necessary production costs. I might add that as a result of the fact this government has seen fit to contribute greatly to the increased cost of production, these cheques will be most welcome. During the past two years farm costs have risen at an alarming rate, and farmers are caught in a very serious cost-price squeeze.

We are pleased that the final payments on both oats and barley are relatively stable in comparison with past years. However, farmers will be looking forward with great expectations to higher payments on the 1966-67 wheat crop, although I doubt very much if those expectations will be realized.

Mr. Ed Schreyer (Springfield): Mr. Speaker, we listened with interest to the statement just made by the Minister of Trade and Commerce. One thing that became obvious very quickly was that in terms of dollars and cents the amount involved to the producers in western Canada was almost identical to that of last year. There has been an increase in deliveries of oats to the board of about 15 million bushels, and there has been an equivalent decline in the deliveries of barley. The amount of the final payment from the board this year comes out to within a cent or two of the amount that was paid last year. It is fair to say, as the last speaker has said, that the cost-price situation in agriculture in western Canada remains acute. The amount incoming in receipts to producers remains relatively static, but meanwhile the cost of production soars.

• (2:40 p.m.)

The minister and his colleagues should be made aware once again that the cost of production indices for agriculture have increased by about 80 points from 1962 up to the present. However, there is nothing to balance off this increase in the cost of production, inasmuch as the price the producers receive for

their primary crops has remained static. Between now and the end of this crop year the government must come forward with a policy on price support and price stabilization. I see no alternative, Mr. Speaker, if we are to hope to keep the grain producers in western Canada engaged in the production of wheat, oats and barley.

In conclusion, Mr. Speaker, I should like to say I am somewhat puzzled by the statement that appears on page 2 of the statement to the effect that:

> —through international co-operation...the marketing of wheat is now more orderly both as to demand and price.

I think the minister is using euphemistic terms in that statement, Mr. Speaker, because the evidence is to the contrary. The price is still lagging, and there is not much hope in the immediate future of any improvement. We look forward with anticipation to the statement the minister will make on the closing of the wheat pool for the last crop year prior to the mailing out of the cheques.

VACANCY

Mr. Speaker: It is my duty to inform the house that consequent upon the notification of a vacancy in the representation given in this house on Monday, March 11, 1968 by the hon. member for Sainte-Marie, and pursuant to section 10 of the House of Commons Act, I have addressed my warrant to the chief electoral officer for the issuance of a new writ of election for the electoral district of Saint-Jacques.

UNITED NATIONS

RHODESIA—REQUEST OF AFRICAN NATIONS FOR SECURITY COUNCIL MEETING

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question about Rhodesia. Can he inform the house what is Canada's position in view of the request by African nations for an urgent meeting of the Security Council?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we have supported that request. I understand the Security Council will meet this week and deal with this matter. There will also be a meeting of the Commonwealth sanctions committee on Rhodesia I understand later this week in London.

[Mr. Schreyer.]

Mr. Stanfield: A supplementary question, Mr. Speaker. Could the Prime Minister inform the house whether the government of Canada has made representations of any kind to Rhodesia within say the last 48 hours in connection with executions?

Mr. Pearson: No, Mr. Speaker; no formal representations.

Right Hon. J. G. Diefenbaker (Prince Albert): May I ask a supplementary question, Mr. Speaker. In connection with added sanctions, has the government of Canada anything to say at this time as to whether Canada intends to join with certain other Commonwealth countries in banning mail to and from Rhodesia?

Mr. Pearson: Mr. Speaker, one of the matters that I hope will be discussed by the Security Council is the imposition of more stringent and additional sanctions against Rhodesia; and we would support this.

Mr. Diefenbaker: Mr. Speaker, within the Commonwealth is anything being suggested along the unusual line that mail to and from Rhodesia would be barred?

Mr. Pearson: To be effective this matter, I think, would have to be dealt with on a universal basis at the United Nations. It could not be effectively done by the Commonwealth countries acting alone.

Mr. Diefenbaker: It is a dangerous course.

THE CANADIAN ECONOMY

INQUIRY AS TO STATEMENT ON PRICES REVIEW BOARD

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct my question to the Prime Minister. Considering the rather general statement the Minister of Finance made last week regarding a review board, would he indicate whether the government has now decided to introduce legislation and when will that legislation be introduced to set up such board?

Right Hon. L. B. Pearson (Prime Minister): I expect to deal with that matter in the statement which I hope I shall be permitted to make this afternoon, on second reading of the bill.

Mr. Stanfield: Which bill?

[*Translation*]

AGRICULTURE

CHEESE—INQUIRY AS TO APPLICATION OF SUBSIDY

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I wish to put a question to the hon. Minister of Agriculture.

Can he tell the house whether it is correct that only the Ontario cheese producers are granted by his department, a subsidy as an incentive to exports?

Hon. J. J. Greene (Minister of Agriculture): No, Mr. Speaker.

[*English*]

HARBOURS

BRITISH COLUMBIA—DEVELOPMENT OF PORT AT ROBERTS BANK

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is for the Minister of Transport. Following the review by the attorney general's department in British Columbia of the relative legal positions of the federal and provincial governments with regard to jurisdiction over Roberts Bank —which review, incidentally, indicates the strength of the provincial position—may we expect the federal government to submit its case to the Supreme Court?

Hon. Paul Hellyer (Minister of Transport): I have not seen the legal review my hon. friend is referring to. We hope to get ahead with construction of the port, and hope that no unnecessary legal obstacles will interfere with completing it on time.

Mr. H. W. Herridge (Kootenay West): A supplementary question, Mr. Speaker. Would the minister inform the house whether the federal government is accepting from the provincial government some part of the funds necessary for the building of this port?

Mr. Hellyer: That is really not necessary. We have volunteered to co-operate with the provincial government with the development of what we call industrial estates associated with the port, the reclaiming of land which would be used by industries associated with the port's development. This has already been suggested, and I am waiting to hear from the premier to see whether he wants to discuss this matter further.

Mr. T. C. Douglas (Burnaby-Coquitlam): In view of conflicting reports and information gaps regarding this project may I ask the minister, when the estimates of his department are before the house or when interim supply is bing considered, to make a full statement regarding this development, as there is much confusion about the federal government's position in this matter.

Mr. Hellyer: I shall be glad to give that suggestion consideration, Mr. Speaker, though I do not think there is much confusion about the federal government's position. Our position is that we should like to see port facilities ready by the end of March, 1970, and we intend to go ahead and build them so they will be ready.

Mr. D. V. Pugh (Okanagan Boundary): A supplementary question, Mr. Speaker. Has the provincial government of British Columbia made a substantial offer, in the neighborhood of $15 million, to entice the federal government to come forward with its plans?

Mr. Hellyer: I think that suggestion may add confusion to the matter instead of clarifying the issue. The provincial government has offered to share in a joint crown corporation for the development of the port. As I indicated, our over-all study of port facilities in the country and the best method of management and administration is just commencing. It will be some months before we know what additional local participation might be advisable in the national interest.

In the meantime, particularly in view of representations made by the three prairie provinces, which have considerable reservations about the suggestion put forward by the premier of British Columbia, we decided that the best course of action would be to build the port, continue with our study, and at the same time keep an open mind about further discussion with the province at a later date as to the possibility of additional local representation.

LABOUR CONDITIONS

PRAIRIE PROVINCES—ACTION TO DEAL WITH UNEMPLOYMENT SITUATION

On the orders of the day:

Hon. George Hees (Northumberland): I should like to address a question to the Prime Minister. In view of a report issued yesterday by the department of manpower indicating that unemployment in the three prairie provinces is now 14 per cent higher than it was a

year ago, and since this is a picture which is general across the country today, is the government planning to introduce measures in the near future to stimulate the economy and prevent unemployment from increasing further?

Right Hon. L. B. Pearson (Prime Minister): All the government's policies are designed to that end.

Mr. Hees: As this is the kind of answer the Prime Minister has been giving me for over a year now, during which period unemployment has been steadily increasing, would he please take the question seriously and stop laughing at the unemployed?

Some hon. Members: Order.

NATIONAL DEFENCE

REQUEST FOR STATEMENT RESPECTING BASES IN MARITIMES

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): I have a question for the Minister of National Defence. In view of reports in today's press can the minister inform the house what changes, if any, are being considered involving Canadian forces bases at Summerside and Greenwood?

Hon. Léo Cadieux (Minister of National Defence): I did announce some time ago our intention to phase out the Neptune aircraft and that in consequence we would have to redeploy the Arguses. We are doing so; we are leaving three squadrons at Greenwood, putting one in at Summerside and another at Comox. In order to maintain the operational capacity of the base at Summerside we are moving the search and rescue unit from Greenwood to Summerside, hoping in this way to achieve our aim and establish an efficient military operation while arranging that almost all areas share in the over-all reductions we have to make.

Mr. Nowlan: I should like to ask the minister whether he will extend the same courtesy and consideration to the people of Nova Scotia as he did to the people of Prince Edward Island by undertaking to meet a delegation from Nova Scotia to discuss the merits of this move.

Mr. Cadieux (Terrebonne): I have not been requested to receive a delegation from Nova Scotia, though I would gladly accept such a request. As far as the decision we have reached is concerned, I do not know that we could revise it.

[Mr. Hees.]

Hon. Marcel Lambert (Edmonton West): A supplementary question to the minister of defence. Is the positioning of the search and rescue squadron in Summerside designed to help find and rescue this government?

Some hon. Members: Oh, oh.

Mr. J. M. Forrestall (Halifax): I have a further supplementary question for the Minister of National Defence. In view of the importance of his announcement, involving the transfer of one service from one air base to another, would he find an early opportunity, either in the house or before the standing committee, to make a statement in connection with this base consolidation or reorientation program, which gives rise to a lot of uncertainty and concern in Halifax?

Mr. Cadieux (Terrebonne): The situation is this. The base at Greenwood will stay at a level of over 2,100 service and civilian personnel. This represents a reduction of around 250. A similar reduction is taking place at Summerside. The over-all base consolidation arrangements are far from settled.

I hope the hon. gentleman will accept the fact that these decisions are taken very reluctantly, but we have to be realists and what I am trying to do is to preserve bases, to have the load shared by as many bases as possible even when faced with the unfortunate decision to reduce the number of personnel.

Some hon. Members: Hear, hear.

Mr. Forrestall: Mr. Speaker, I thank the minister for that and we do accept his assurance, but could he go one step further and indicate whether the naval base at Shearwater is in any way involved or could conceivably be involved in this movement, or subsequent movements that might come about in the ensuing months?

Mr. Cadieux (Terrebonne): No; it would be premature for me to say anything about Shearwater. We have no plans to reduce the operations there.

Mr. Nowlan: As a supplementary following the minister's answer to my first question, Mr. Speaker, I would like to ask whether he has already received a protest from the premier of Nova Scotia about this move; and in view of the fact that unification was sold to the country on the basis of cost and efficiency—

Mr. Speaker: Order, please.

Mr. Nowlan: —would he undertake to refer this matter to the defence committee?

Mr. Speaker: Order. The hon. member's supplementary is argumentative.

Mr. Nowlan: How about the first question?

[*Later:*]

Mr. Nowlan: Mr. Speaker, I want to rephrase the question which 20 minutes ago Your Honour thought was argumentative. It is directed to the Minister of National Defence. I should like to ask whether the minister has already received a protest about this move from the premier of Nova Scotia. If so, would he undertake to meet the delegation from Nova Scotia before any irrevocable move, as suggested by the minister earlier, is made?

Mr. Cadieux (Terrebonne): Mr. Speaker, I received the telegram at noon. I am willing to meet any delegation which would come from Nova Scotia with problems relating to the base at Greenwood, but I have to confirm that the decision which was taken to redeploy Arguses, as I indicated, is irrevocable.

INQUIRY AS TO PURCHASE OF TRANSPORT AIRCRAFT

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of National Defence. In view of a Canadian officer's comment that "mobile command is the most immobile force in the world," has the minister made any progress in the direction of securing further heavy transport aircraft which would have as one of their functions the refueling of the CF-5 now coming off the assembly line?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, may I comment on the first part of the question and say I hope my hon. friend saw my photograph in the local newspapers the other day, showing me jumping off the first helicopter that we had received for mobile command. This implies that very soon we will have the means of being completely mobile. So far as the C-141 is concerned, we are now studying all the options available to the government.

Some hon. Members: Hear, hear.

TRADE

WHEAT—SALES AT LESS THAN MINIMUM PRICE UNDER AGREEMENT

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I have a question for the Minister of Trade and Commerce in reference to the statement he made about grain, in which he pointed out that the payments are made by the wheat board out of receipts from sales of wheat. Would the hon. gentleman now tell the house whether any wheat has been sold at below the minimum floor price set under the international wheat agreement, and whether any subsidies have been paid?

Hon. Robert Winters (Minister of Trade and Commerce): The answer to both questions is yes.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I wish to direct a question to the Prime Minister. Has he received any other resignations, delayed or ineffective, from the cabinet, in addition to the—

Mr. Speaker: Order, please. This question is not in order.

Mr. Frank Howard (Skeena): Mr. Speaker, in light of the coming spring equinox, will the Minister of Transport see whether he can make an arrangement to have a large degree of visibility on those days surrounding that date?

POLLUTION

MONTREAL—REQUEST FOR MORE EFFECTIVE CONTROL PROGRAM

On the orders of the day:

Mr. Bud Germa (Sudbury): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources. In view of a report by a Hydro Quebec engineer that air pollution in Montreal yesterday was so severe as to cause power failure through short circuits, would the minister make an effort to institute a more effective pollution control program?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I think this would be a good subject to bring to the attention of the government of the province of Quebec.

Inquiries of the Ministry

COMMONWEALTH RELATIONS

KENYA—PROTESTS AGAINST ALLEGED RACIST POLICIES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. Has the government made any representations to or inquiries of the government of Kenya, either directly or through the Commonwealth secretariat, with respect to the alleged racist policies presently being carried out by the government of that country against its Commonwealth residents of Asian origin?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, not to my knowledge.

HIGHWAY SAFETY

APPLICATION IN CANADA OF AUTOMOBILE ANTI-POLLUTION STANDARD

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, now that officials have completed the relevant studies, and in that Washington has ordered anti-pollution standards for 1968 motor vehicles, I ask the Minister of National Health and Welfare why Ottawa has not invoked similar standards for the safety of Canadians.

Mr. Speaker: Order. The question as asked is argumentative.

Mr. Grafftey: Could I re-fuse the question, Mr. Speaker?

Some hon. Members: Oh, oh.

Mr. Pearson: Re-fuse is right.

Mr. Muir (Cape Breton North and Victoria): Put a longer fuse on it.

Mr. Grafftey: May I rephrase the question to the minister. Has the minister been informed that the anti-pollution vehicle standard now law in the United States is being offered to Canadian citizens as an extra cost optional?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I thank my hon. friend for informing me of this. I have already been aware of it.

Mr. Grafftey: Well, I am aware of it, and I would now ask the Minister of Transport a supplementary question. Since this situation clearly demonstrates that Canadians cannot depend on United States legislation for protection, will the Minister of Transport proceed immediately to invoke motor vehicle safety standards for the protection of Canadians?

Mr. Speaker: Order, please. The hon. member is making a representation. I am sure it has been noted by the minister.

Mr. Grafftey: I did not hear your ruling, Mr. Speaker.

Mr. Speaker: I suggested to the hon. member that he had made a representation to the minister which I assume has been noted.

Mr. Grafftey: Mr. Speaker, I assure the minister that it is not a representation. It is a clear call for action and justice.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO ACTION RESPECTING OFF-SHORE MINERAL RIGHTS

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct this question to the right hon. Prime Minister. Some months ago, following the decision of the Supreme Court with regard to the matter of off-shore rights relating to British Columbia, the Prime Minister was asked in the house what next step the government proposed to take with regard to following this decision. In view of the reply that the matter was under study, is the Prime Minister yet in a position to inform the house what steps this government proposes to take.

Right Hon. L. B. Pearson (Prime Minister): Not at the moment, Mr. Speaker. I hope to be able to do so shortly.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, am I to understand from the reply of the Prime Minister that this study is not complete despite the fact that the crown corporation has purchased the mineral rights from Dosco?

Mr. Speaker: Order, please.

BUSINESS OF THE HOUSE

MATTERS TO BE DEALT WITH BEFORE RECESS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for either the Prime Minister or the government house leader and it is supplementary to my question

of yesterday regarding matters to be dealt with before this house rises. In view of the importance of Bill C-190 particularly in relation to the price of drugs, and in view of the fact that it has reached the committee of the whole stage, can this be included in the items to be dealt with and finalized before the house rises?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that of course would depend on the progress in respect of the three items I mentioned yesterday.

Mr. William Dean Howe (Hamilton South): Mr. Speaker, in view of the fact that the Parke, Davis Company has raised its prices recently by as much as 30 per cent, is there any chance that the government will give some priority to this matter so we can spare the people of Canada any further profiteering by the drug companies of Canada?

COMMUNICATIONS

INQUIRY AS TO RESERVATION OF SATELLITE SPACE

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, my question is for the Minister of Transport. In view of the severe criticism at a meeting in Montreal yesterday of the lack of government initiative in respect of a space program, can the minister give us a progress report concerning any such program?

Mr. Speaker: Order, the hon. member is asking for a statement of the type which should be made on motions.

Mr. Bell (Saint John-Albert): Mr. Speaker, may I revise my question. Can the minister say whether the government has made any reservations in space for Canada, or has taken any other independent action on behalf of this country in view of the severe criticism?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I may be in orbit but I am not at this moment responsible for the Canadian space program. The Department of National Defence—

Mr. Speaker: Order, please. I suggest the question is one which might be placed on the order paper.

Mr. Bell (Saint John-Albert): Mr. Speaker, in view of the statement which appeared in the press, and in view of the chasing around by the possible leadership candidates, may I ask the Prime Minister if he can say whether the government has under consideration a space program for Canada, and whether there is any hope of it being implemented?

Mr. Speaker: Order. The hon. member is asking a question which I have suggested cannot be asked at this time.

[*Later:*]

Mr. Bell (Saint John-Albert): Mr. Speaker, I should like to ask the Prime Minister this question, which I have carefully written out. Has the government made approaches to the United States or Russia recently about a joint space program and, if so, when will plans be finalized?

Right Hon. L. B. Pearson (Prime Minister): Not to my knowledge, Mr. Speaker. I hope there will be an announcement on this matter very shortly, depending on space programs.

Mr. Bell (Saint John-Albert): In view of the fact that I cannot get information on this matter I wish to discuss it at ten o'clock tonight.

[*Translation*]

LABOUR RELATIONS

MONTREAL—APPOINTMENT OF ARBITRATION BOARD ON PICARD REPORT

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to put a question to the hon. Minister of Agriculture.

I should like to ask him if he is ready to reply to the question I put to him yesterday concerning the instructions of his department with regard to port activities?

Hon. J. J. Greene (Minister of Agriculture): No, Mr. Speaker, but I shall reply tomorrow.

BILINGUALISM AND BICULTURALISM

INQUIRY AS TO PRODUCTION OF WHITE PAPER

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

As several months have already elapsed since the publication of the Laurendeau-Dunton report, can he tell us whether the government would consider the possibility or accept

the suggestion that a white paper be tabled on bilingualism in Canada?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, a report has been prepared on the progress of bilingualism in the federal civil service. That report is being translated. As soon as the translation is completed, which I hope will be today or tomorrow, perhaps it could be tabled in the house.

[*Translation*]

Mr. Choquette: Mr. Speaker, I wish to direct a supplementary question to the hon. Minister of Justice.

I should like to ask him whether he has found a way to overcome the obstacles brought forward by the Quebec government with regard to insertion of language guarantees in the constitution?

Mr. Speaker: Order. The question, as asked, is out of order.

[*English*]

IMMIGRATION

SASKATCHEWAN—ACCEPTANCE OF APPLICANTS FROM KENYA

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Manpower and Immigration but in his absence the parliamentary secretary may wish to take notice of it. Has any request been received from the premier of Saskatchewan that a special effort be made to accept British subjects in Kenya for residence in Saskatchewan, despite reports that unemployment is on the increase in the prairies?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): I am not aware of any such request, Mr. Speaker. I will check it out and reply tomorrow or the next day.

PUBLIC WORKS

FRASER RIVER—INQUIRY AS TO AGREEMENT ON CONTROL PROJECTS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources having to do with the Fraser river flood control agreement. Can the minister say whether he has met with the British Columbia minister concerned, and whether an agreement on this matter has been signed?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I met on Saturday with the minister of lands, forests and water resources of British Columbia. I made suggestions to him regarding the federal-provincial Fraser river flood control agreement. He is to report to his colleagues. I am to report to mine. We are to meet again in a few days.

[*English*]

ADMINISTRATION OF JUSTICE

JOHN STEPHEN MARSHALL—REQUEST FOR REVIEW OF SENTENCE

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, this question is for the Solicitor General. It follows a question asked by my colleague the hon. member for Cape Breton North and Victoria on March 1. Has the Solicitor General had an opportunity to talk with the Minister of Indian Affairs and Northern Development regarding the Cape Breton Indian, Stephen Marshall, who at his trial according to reports was not represented by counsel and could not speak English? Is the minister's department doing anything to assist this man in an appeal by way, for instance, of providing defence counsel?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I have had an opportunity to discuss the matter with my colleague the Minister of Indian Affairs and Northern Development. Every effort is being made to give assistance to this individual on his appeal.

HEALTH AND WELFARE

MEDICARE—MEETING WITH PROVINCES RESPECTING IMPLEMENTATION

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I wish to direct this question to the Minister of National Health and Welfare. In view of the great shift in opinion from universality to selectivity in welfare, and in view of our present financial situation, does the minister plan further talks with the provinces before implementing his universal medicare bill?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker.

SASKATCHEWAN—RESTRICTION ON FEDERAL CONTRIBUTION UNDER MEDICARE

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I have a question for the Minister of National Health and Welfare which is in a sense supplementary to one asked a few minutes ago. Can he state whether money to be sent to Saskatchewan under the medicare program beginning July 1 will be designated for use for medicare only, in order in this way to help alleviate the catastrophic deterrent fees soon to be introduced in Saskatchewan in respect of the medical and hospital care plan?

Mr. Speaker: Order. I suggest to the hon. member that his question cannot be asked at this time. If there is some immediate urgency he may wish to discuss the matter on the adjournment motion.

[*Translation*]

HARBOURS

MONTREAL—INQUIRY AS TO APPOINTMENT OF ADMINISTRATOR

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct a question to the Minister of Transport (Mr. Hellyer).

In view of the urgent need to settle the serious situation now prevailing in the port of Montreal, does the Minister of Transport intend to appoint, after consultation with the local authorities, a special administrator whose authority and jurisdiction would be all-encompassing over the port of Montreal?

[*English*]

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, as I indicated earlier this question of the management and control of port facilities is being studied by the government. I would not wish to prejudge the results of that study, because no comprehensive look has been taken at this question for many years. I hope it will not take too long to have the inquiry completed. In the meantime we have problems at the port of Montreal, and I am sure my colleague the Minister of Labour is doing everything possible to see that the labour situation there is ameliorated.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I wish to put a further question to the hon. minister.

In view of the fact that he is not too sure when the investigations concerning the port of Montreal will be completed, and since there are not only labour relations problems in the port of Montreal, could the minister inform the house whether, pending completion of these studies, he could not, together with the authorities of the city of Montreal, appoint a special manager who would at least deal temporarily with the problems of the port of Montreal?

AGRICULTURE

MILK—REQUEST FOR INCREASED MINIMUM SUPPORT PRICE

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, as a result of the minister's reply to the hon. member for Lapointe I wish to direct a question to the Minister of Agriculture.

Does he expect to introduce a new dairy policy providing for $5 per hundredweight of manufactured milk and, if so, when does he expect to implement it?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the dairy policy for next year is now being considered by the officials of the Department of Agriculture. It will be announced as soon as possible in the house, if it is still sitting, or notice will be given in the press.

[*English*]

TRADE

DURUM WHEAT—PROSPECTS FOR EXPORT SALES

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether, before he leaves his present portfolio, he will issue a statement as to what are government views in respect of future sales of Durum wheat on the export market. Is there any indication of an increased demand in the immediate future? The answer to this question would be of assistance to farmers in western Canada when making their plans for spring seeding operations.

Mr. Speaker: Order, please. It appears to me the hon. member is asking for a statement. If he is only asking whether a statement will be made, the question would be in order.

Hon. Robert Winters (Minister of Trade and Commerce): Perhaps I could reply, Mr. Speaker, by saying that I can make some remarks on the subject when my supplementary estimates are being considered.

Inquiries of the Ministry

POTATOES—REQUEST FOR SPECIAL MISSION TO PROMOTE EXPORTS

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, I should like to direct my question to the Minister of Trade and Commerce. In view of the deterioration of seed potato sales in the past few months, will the minister and his department give consideration to the inauguration of a special mission which might further increase this potential and thus alleviate the serious position the potato market has assumed in recent months?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, we are actively seeking new markets. I had the opportunity of discussing this very serious problem with the premier of Prince Edward Island when I visited there last week.

Mr. MacDonald (Prince): Having now reported on this conversation, will the minister tell us whether a special mission, like other special missions which have been established, will be set up for the express purpose of helping to solve problems in respect of seed potatoes?

Mr. Speaker: Order. The hon. member is reiterating his question.

BANKRUPTCY

REQUEST THAT ACT BE PROCLAIMED IN PRINCE EDWARD ISLAND

On the orders of the day:

Mr. Melvin McQuaid (Kings): Mr. Speaker, I should like to ask the Minister of Consumer and Corporate Affairs whether he has received a request from the Lieutenant Governor of Prince Edward Island for a proclamation by the governor in council declaring part X of the Bankruptcy Act to be in force in that province?

Mr. Speaker: Order. I do not believe the question is in order. It could easily be placed on the order paper. If there is some urgency, which is not apparent to me, it might be discussed later on today.

The hon. member for Kootenay West.

Mr. Herridge: The minister has sent me an answer by mail since I rose.

INDIAN AFFAIRS

REQUEST FOR RECONSTITUTION OF PARLIAMENTARY COMMITTEE

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of

[Mr. Winters.]

National Health and Welfare in his capacity as government house leader. In view of the anticipated adjournment of the house and the government's long delay in dealing with urgent problems in respect of Indian affairs, with particular reference to the visit by members of parliament to reservations planned over a year ago, will the minister take the necessary action to reconstitute the parliamentary committee on Indian affairs in order that it might meet from time to time and adjourn from place to place during the parliamentary recess?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I would be happy to consider that request and discuss it with the minister.

FISHERIES

INQUIRY AS TO ESTABLISHMENT OF STRAIGHT BASE LINES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, in view of the desperate plight of the Canadian east coast fishing industry I should like to ask the Secretary of State for External Affairs whether he can now inform the house of any progress being made toward the further establishment of base lines, which would serve as a conservative measure in respect of Canada's fisheries.

Mr. Speaker: Order, please. If my memory serves me correctly this question was asked just a few days ago.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I should like to ask a supplementary question.

Mr. Speaker: Perhaps the hon. member might ask another question, as the question asked by the hon. member for Queens-Lunenburg was not acceptable and there can be no supplementary question.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I will phrase my question somewhat differently. Since it has been three years or more since the government said it would put base lines into effect, I should like to ask the Secretary of State for External Affairs what is holding them back. Why can members not get answers to questions? Has the government dropped the Pearson gunboat philosophy?

Mr. Speaker: Order, please.

[*Later:*]

Mr. Crouse: Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether it is the intention of the government to propose another law of the sea conference to resolve the international differences in respect of the 12 mile limit.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as my hon. friend knows, co-ordinates with regard to the base line system have been established in some sections of eastern Canada. In order to proceed with other base lines in other parts of Canada we are now giving consideration as to whether some further conference arrangements might assist us in meeting some of the resistance we have been experiencing in our negotiations with particular countries.

FINANCE

MINISTERIAL RESPONSIBILITY FOR REPORT ON FOREIGN OWNERSHIP

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, in view of the resignation of the President of the Privy Council announced yesterday, will the Prime Minister advise the house which member of the cabinet is responsible for the application of the Watkins report?

Right Hon. L. B. Pearson (Prime Minister): All of them.

[*Later:*]

Mr. Hees: I should like to direct a question to the Prime Minister. Is it his intention to place the Watkins report under the administrative responsibility of a minister, and if so which minister?

Mr. Pearson: I will assume that responsibility myself.

Mr. Hees: I have a supplementary question, Mr. Speaker. Does the Prime Minister expect to make an announcement in the near future with regard to replacements for the portfolios of President of the Privy Council and Minister of Trade and Commerce?

Mr. Speaker: Order, please.

TRANSPORT

SECOND FERRY SERVICE BETWEEN NOVA SCOTIA AND NEW ENGLAND

On the orders of the day:

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): Mr. Speaker, I should like to ask the Minister of Transport whether his department has received representations to the effect that a Swedish ferry company is prepared to put up some $500,000 for the establishment of a test run this summer of a ferry supplement to the *Bluenose* between Bar Harbor, Maine and Yarmouth, Nova Scotia, the Swedish interest having a—

Mr. Speaker: Order, please. I should think that question should be placed on the order paper.

[*Translation*]

RURAL DEVELOPMENT

ARDA—ACCESS ROAD BETWEEN LASARRE AND JAMES BAY

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question is directed to the hon. Minister of Forestry and Rural Development as the minister responsible for the administration of ARDA.

Has he received recently from the Quebec provincial authorities requests for assistance with a view to the construction of a road from LaSarre to James Bay?

Mr. Speaker: This question should be put on the order paper.

[*English*]

POLLUTION

REQUEST FOR STATEMENT ON POSSIBLE GOVERNMENT ACTION

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, in view of the major increase in inspections for pollution control proposed yesterday by President Johnson in the United States, has the Canadian government given further consideration to stepping up its anti-pollution measures?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, we are doing our best. There are many things possible in the United States which are not possible in Canada. The constitutional system, for one, has something to do with this.

Mr. Aiken: I should like to ask the minister whether the United States has made any additional proposals to Canada respecting international waters as a result of this latest move.

Mr. Pepin: Not to my knowledge, Mr. Speaker, but we are keeping close contact

with the United States government in respect of these matters.

DEFENCE PRODUCTION

INQUIRY AS TO CONTRACTS FOR DESTROYER ESCORTS

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I should like to ask the Minister of Industry whether he can now give the house some idea when contracts will be awarded in respect of the four new destroyer escorts.

Hon. C. M. Drury (Minister of Industry): An answer has been prepared for a question on the order paper, indicating that contracts should be let before April 12.

NATIONAL DEFENCE

POSSIBLE PHASING OUT OF PINE TREE RADAR STATIONS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): My question is directed to the Minister of National Defence. Since his officials are currently engaged in studying the feasibility of participating jointly with the United States in developing an airborne radar defence capability, I should like to ask the minister whether his department is drawing up contingency plans to phase out the radar stations on the Pine Tree Line.

Mr. Speaker: Order, please. This question should be put on the order paper.

THE CANADIAN ECONOMY

HEATING OIL AND GASOLINE—STATEMENT ON PRICE INCREASES

On the orders of the day:

Mr. Bud Germa (Sudbury): Mr. Speaker, I should like to direct a question to the Minister of Finance. Can the minister report on the results of his promised investigation into the increase in fuel oil and gasoline prices?

Hon. Mitchell Sharp (Minister of Finance): I will be glad to do so tomorrow.

FINANCE

REMOVAL OF TAX ON PRODUCTION MACHINERY

On the orders of the day:

Mr. E. Nasserden (Rosthern): I have a question for the Minister of Finance. In view of the recent report of the O.E.C.D. regarding the cost-price relationship of Canadian production, is it the intention of the government to consider the removal of the 11 per cent sales tax on production machinery?

Hon. Mitchell Sharp (Minister of Finance): I hope the hon. gentleman has carefully read that report, and he will see that generally the fiscal policies of the government were approved.

Mr. Nasserden: Mr. Speaker, the Minister of Finance made some remarks but he did not answer my question. I wonder if he would tell us whether it is the intention of the government to remove the 11 per cent sales tax on production machinery.

Mr. Speaker: Order. The hon. member is repeating a question he has already asked.

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

On the order:

Second reading of Bill C-208, an act to amend the Income Tax Act—the Minister of Finance.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I rise on a point of order. I was not in the house yesterday, due to prior commitments which had been made when I was advised that the house was likely to be proroguing on March 8. Having followed the suggestion that on March 11 the house would not be sitting, I accepted two engagements and I was not here when the order for second reading of Bill C-207 was called.

There was a certain amount of discussion in the house yesterday, and I was very pleased with the ruling of the Speaker. Now, with the introduction of the new Bill C-208, I wish to refer to the rules of parliament with regard to bringing back on the floor of the House of Commons matters already decided in the current session.

On February 27 I spoke in the House of Commons with regard to the non-confidence motion, and during the course of my remarks I pointed out that I had been assured by two members of the cabinet that the bill which had been defeated on February 19—

Mr. Speaker: Order, please. The hon. member should state his point of order. I think I have to remind him in all fairness that the house spent a good part of yesterday in discussing this point of order. A decision having been made, is reviving a matter on which the house has already decided. Therefore I invite

him to state his point of order as succinctly as possible.

Mr. Cowan: I will do so immediately. Yesterday the house was discussing Bill C-207. Today I am discussing Bill C-208, which I am told is an entirely new bill. I should like to refer to citation 163 on page 137 of Beauchesne's fourth edition, which reads as follows:

A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question—

Mr. Speaker: Order, please. I wonder if the hon. member has taken the trouble to read the *Hansard* of yesterday, where he will see that the arguments he proposes to advance now were advanced for the benefit of the Chair. He has just stated that Bill C-208 is an entirely new bill. It is new in the sense that some of the provisions in the previous bill are not included in the one now before us, but as I read the provisions of this bill they are a repetition of some of the provisions contained in Bill C-207, which have been ruled in order.

So I do not think the hon. member would be helpful by going into all the arguments which were made during the debate on the point of order yesterday.

Mr. Cowan: Mr. Speaker, I do not intend to go into all the arguments raised yesterday. I am referring specifically to clause 2 of Bill C-208, which is similar to clause 5 of Bill C-207 and to clause 4 of Bill C-193. I have read yesterday's *Hansard*, and I have also read with pleasure your ruling as it appears in this morning's *Votes and Proceedings*. I should like to read the following paragraph from page 755 of today's *Votes and Proceedings*:

Clause 5 of C-207 provides for prepayment of the corporation tax. There are different rates of prepayment.

May I point out in all sincerity, sir, that I think this should read "different dates of prepayment" because I cannot find any difference in rates. It goes on:

One hon. member found it difficult to see the difference, but there is some difference between this clause and the corresponding clause of Bill C-193.

May I draw your attention—

Mr. Speaker: Order, please. The hon. member will have to advance his own argument. He cannot use the decision of the Chair to justify the argument he wishes to make in connection with the present bill.

Mr. Cowan: Mr. Speaker, may I draw your attention to the explanatory notes accompanying these clauses in the bills I mentioned. In Bill C-193 the explanatory note for clause 4 reads:

This amendment would require corporations to pay their corporation income tax over a period which commences two months closer to the beginning of their taxation year than at present.

In Bill C-207 the identical words are used in the explanatory note for clause 5. It reads:

This amendment would require corporations to pay their corporation income tax over a period which commences two months closer to the beginning of their taxation year than at present.

In Bill C-208 the explanatory note for clause 2 reads:

This amendment would require corporations to pay their corporation income tax over a period which commences two months closer to the beginning of their taxation year than at present.

The person writing the explanatory notes in all three bills was well aware of the fact that they are substantially the same and aimed to accomplish the same objective; that is, that the amendment would require corporations to pay their corporation income tax over a period which commences two months closer to the beginning of their taxation year than at present. I suggest that clause 2 in Bill C-208 violates the rule that we cannot bring back on the floor of the House of Commons a provision which has already been decided by the house.

Since I cannot use the decision of the Speaker to reinforce my own arguments, may I quote the hon. member for Acadia who pointed out yesterday that in a similar decision the Speaker of the day, whom I do not wish to identify, ruled that a clause in the Transportation Act which was previously rejected could not be brought back in an amended form. That ruling bore on a clause. This is a clause of Bill C-208 which I submit contains a provision on which a decision was made on February 19. I have read the similar parts in the explanatory notes, and the end result will be exactly the same. If the payments commence two months closer to the beginning of the taxation year, the end result will be to pay regularly for ten months. I believe this clause 2 should be withdrawn as it appears in the bill before the bill is discussed.

• (3:30 p.m.)

Mr. Speaker: I suggest to hon. members that no point at all would be served by reviving the argument which was made yesterday. I appreciate the fact that the hon. member

did not have an opportunity yesterday to submit the argument which he is submitting now. Unfortunately for him, though, it cannot be applied retroactively to the debate which we had yesterday. It may be that if I had had the benefit of his views I might have reached a different decision in connection with the particular clause to which he has referred. However, having considered all the arguments which were then before me I reached a certain conclusion and with regret I must tell the hon. member I do not see how I can vary the decision which was rendered after much thought and with great pain.

Mr. Cowan: May I ask if the ruling is on the different dates of prepayment or the different rates of prepayment?

Mr. Speaker: I will rise on motions some day and correct *Hansard*.

Hon. Mitchell Sharp (Minister of Finance) moved the second reading of Bill No. C-208, to amend the Income Tax Act.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am very glad to have the opportunity of speaking on Bill No. C-208, as indeed I would have been glad to have the opportunity of speaking on Bill No. C-207 yesterday. The second reading of a bill deals with the principle of the measure, and I hope to discuss that principle and the necessity for this bill within the context of the current financial and economic situation which, in the view of the government, makes a bill of this kind important and necessary at this time.

Amidst the current financial difficulties and problems, and we certainly have them, and the predictions of doom and gloom to come, it is well, Mr. Speaker, to recall the actual and potential strength of this country. This country is one of the richest, most stable and most fortunate countries in the world. It is the envy of practically every other country in the world. It is well also, in order to keep things in perspective, to recall the progress we have made in recent years which puts us in a much stronger position today to meet the difficult problems we are encountering.

The fourth annual review of the Economic Council of Canada, which was made public in September, 1967, had this to say on page 11 in the section dealing with the performance of the economy. In this paragraph the council was referring to the expansion since 1961:

> This represents probably the longest uninterrupted expansion—and certainly the longest peacetime expansion—in Canadian business cycle history.

[Mr. Speaker.]

Mr. Starr: Started by the Conservatives in 1961.

Mr. Pearson: The governor of the Bank of Canada, Mr. Speaker, also mentioned the economic gains we have made, while warning us in very clear terms of the dangers and difficulties ahead, in a speech which he made last November in Winnipeg. Referring again to the period of the last six years, he said:

> Our real output has increased by over 40 per cent and we have greatly strengthened the economic foundations of the country. We have added greatly to our manufacturing capacity and demonstrated our ability to sell more manufactured goods in world markets. We have continued to seek out and develop a wide variety of forest and mineral and power resources. We have added significantly to our infrastructure in the form of roads and other means of transportation. We have provided greatly increased facilities for general and technical education. And at the same time as we have done all these things we have raised our standard of living rapidly: Personal consumption per head has risen by nearly a quarter since the beginning of this decade.

Then, he went on:

> Our basic problem is how to cope with prosperity and add to high levels of output already attained: Our present difficulties do not arise out of any basic economic weakness or shortage of resources—

Mr. Rasminsky then pointed out that by 1966 it was clear that our growth rate would decrease, and that the main question was whether this would take place without the expansion coming to a full stop as has happened so often in similar circumstances in the past. In fact, as matters turned out, economic expansion has continued, though at a distinctly more moderate and sustainable rate. In other words, bust has not followed boom. It is undeniable, however, that we are now facing serious economic and financial problems, but so is every country in the world including the United Kingdom and the United States.

It is true also that these problems are made more dangerous, and their solutions made more difficult, by threats to the international financial and economic co-operation which so far has distinguished the post-war years from those of the thirties. It is devoutly to be hoped that we do not return to those earlier years when governments foolishly thought they could save themselves by adopting protectionist national policies which attempted to export their own difficulties and their own problems. Today, the reversion to economic nationalism of that kind would only compound every country's difficulties and lead the

way to general economic and political deterioration which could be fatal to international progress and co-operation.

Canada, Mr. Speaker, has played, and hopes to continue to play, a full part in international economic co-operation, particularly in the international trade and payments system that has been built up and which, as we have learned to our advantage recently, is still working despite the intense strains to which it is currently subjected and which could destroy it with unhappy results.

Canada's own basic position, as I have said, is strong, and so is the backing for our dollar. If anyone feels pessimistic about the situation in Canada, let him read this report which came out the day before yesterday from the O.E.C.D., which is an international committee, and which deals with the current economic and financial situation in Canada. Our economic and financial position has stood up well, then, to the pressures which have been directed against it, as indeed they have been directed against other countries. In so far as standing up to those pressures is concerned, I should like to pay my tribute and give thanks to the government of the United States for the way it has co-operated with Canada in meeting those pressures in a way which is of advantage to both countries.

• (3:40 p.m.)

It is obvious, Mr. Speaker, that no country, certainly no country in the position of Canada, can isolate itself from those pressures which are continuing but which by their very nature make sound national policies more important than ever. We have our own responsibilities to discharge and we will not be excused for failure to do so by blaming that failure on the international situation, on the exchange gamblers, on Paris or on Viet Nam. However, Mr. Speaker, the fact remains that our financial problems today, as is the case with other countries, are being increasingly aggravated by troubled international situations both economic and political.

The problem of most immediate concern to us, Mr. Speaker, is to maintain financial stability without hindering economic expansion. This is more and more difficult to accomplish in an age of rising costs, rising expenditures and rising expectations. While government policies do require heavy public expenditures at all levels of government—and I will have something to say about that a little later —they also increasingly require the determination of priorities, again at all levels of government, in the allocation of resources.

This is the more necessary and the more difficult, Mr. Speaker, because conditions, both national and international, change so rapidly these days. It is not easy to adapt economic and financial policies to those changes. I do not think we need to be smug or complacent as to our own successes or failures, if you like, in regard to this adaptation. But I would quote from the report of this international body, the O.E.C.D., which had this to say at page 12:

> A striking feature of the last two years has been the speed with which policies—

They are writing about Canadian policies.

> —have been adjusted to changes in business conditions. And in most cases the timing and magnitude of the policy measures adopted was well chosen.

Again on page 31, in the conclusion of the report, there is this paragraph:

> In the last two years, with the trend of business conditions changing quickly, the authorities—

They are referring to the Canadian authorities.

> —have on the whole been successful in maintaining relatively high levels of employment while combating first excesses and then mildly recessionary tendencies appearing on the demand side. Both monetary and fiscal policies have been rather promptly adjusted to changing conditions.

Our most worrying problem at the present time, as I have just said, Mr. Speaker, is the threat to financial stability from the recent and continuing rates of increase of prices, incomes and costs in the Canadian economy. The steps that have been taken in fiscal and monetary policy now need to be supplemented by new procedures to ensure that the public interest in price stability is taken into account whenever important decisions affecting prices, incomes and costs are made.

Before dealing with these measures, Mr. Speaker, I wish to review the background against which these procedures that will be recommended should be viewed. In a white paper on employment and income in 1945 the government of Canada committed itself—and successive governments have accepted that commitment—to the maintenance of a high and stable level of employment. Henceforth that was to be a central objective of economic policy in this country, and rightly so.

While this objective was not always fulfilled, Mr. Speaker, during the years that followed, we did have two long periods of sustained growth and high employment. Of course, employment is directly related to

growth. That is why we had high employment, because we had the growth. This situation prevailed until the recession of the late fifties which was succeeded after 1961 by a renewed steady growth of production and employment.

There is also a direct relationship, in economic growth, between productivity and the level of real income. Therefore, Mr. Speaker, because of this relationship it is very disturbing to all members, I think, to realize that now the average productivity of the Canadian worker is still appreciably less than that of his counterpart in the United States. I am sure that all members will agree that this situation must be corrected if Canadians wish to enjoy living standards equal or nearer to those of Americans. Increases in productivity is essential if we are to have rising incomes without the kind of inflation which will rapidly erode the benefits we would otherwise receive from this rise.

Price inflation works great inequities, causing the greatest hardship to the relatively weak groups in the community who have no organized market power to combat it, those whose incomes are fixed or lag well behind the increasing cost of living. When price inflation persists long enough and creates a general expectation of further inflation, then serious distortions arise in the whole economy as well as in financial markets. The likely consequence is recession and large scale unemployment. This is particularly true in a country like Canada because our economic well-being depends so greatly on our international competitive position. When our prices rise faster than those of the United States, in particular, and of our other major trading partners, we are in trouble. That is why I was very glad to read in this O.E.C.D. report the following sentence on page 31:

> There is little indication that the competitive position of Canadian industry has yet been seriously impaired.

Mr. Stanfield: Seriously impaired.

Mr. Pearson: Yes. It has been impaired, but this publication says that it has not yet been seriously impaired. As my hon. friend realizes, Mr. Speaker, I am not underestimating the difficulties that may cause that serious impairment unless we do something about them. Price stability is a necessary condition for achieving the other goals of high employment and adequate growth.

The responsibility of government to curb inflation is made the more difficult because financial and currency problems are often concerned with considerations that are more psychological than concrete in nature. The problem of psychology is largely one of confidence.

There are some who appear to believe that prices and costs will continue rising in the way they have in recent months. They assume that further inflation is inevitable and thereby help to make it so. This is dangerous, of course, because inflation feeds on itself. Moreover, while some, and rightly, may fear it, others may find it good because of the feeling of prosperity and well-being it may give for a time. It can produce an l.s.d. experience—and I am not talking about pounds, shillings and pence. So government has a responsibility to do what it can to prevent the "hangover" by preventing the experience.

• (3:50 p.m.)

During the period of economic expansion which began in 1961 we had for most of that time reasonable price stability. This brought great benefits to all Canadians and demonstrated the underlying strength of our economy. It also, as I have said, brought problems of prosperity, prices and cost problems, arising out of the growing strains in recent years on our resources. Looking back in retrospect, it is clear that dangerous upward pressures on prices and costs were going to be hard to avoid, but that was not so clear at the time. In its second annual review, published in December, 1965, the Economic Council of Canada was still in a position to say, and I quote from the report of the council published in that month:

> —a careful appraisal of the nature and patterns of recent changes would suggest that at the present time there appears to be little evidence to indicate that a broad and widely dispersed acceleration of price increases or accentuation of price pressures is under way.

That is what the economic council said at the end of 1965. However, as the economy subsequently moved to even higher levels of employment and heavier pressures on our resources, price inflation at that time became, and it remains, a major danger. It was then that monetary and fiscal action was taken by the government to moderate demands on our resources.

Despite the easing of pressures in the economy, Canada's price performance over the last year or two, in contrast with earlier years, has been bad. It now compares

unfavourably with that of most other industrialized countries and, of special significance to us, it compares unfavourably with that of the United States of America.

The average annual rate of increase in the consumer price index from January, 1965, to January, 1968, has been 3.7 per cent. From 1952 to 1965 it was only 1.3 per cent. During the whole period from 1949 to 1967, the rate was 2.3 per cent. So our recent performance has not been good.

It is important to note also that prices of imported goods have not been increasing more rapidly in the past three years than in the period 1952 to 1964. Obviously any marked increase in import prices can exert strong upward leverage on domestic price levels, as happened, for example, in 1950-51. But this has not been the case this time. The average annual increase in import prices has been 1.3 per cent from the beginning of 1965 to the third quarter of 1967, compared with an average annual rate of 1.7 per cent from 1952 to 1964.

In summary, Mr. Speaker, prices of most types of goods and services have recently been rising at rates that are clearly inconsistent with any definition of reasonable price stability.

Productivity, of course, is an important factor in these matters; it is an important determinant of prices and income. The only way to increase real incomes, with a given quantity of capital and labour, is to improve productivity. Increases of money incomes which run ahead of increases of real output are, for the country as a whole, illusory and self-defeating. So policies to achieve price stability must be policies to keep the over-all increase in incomes within limits set by the real increase in production.

The urgency of this matter, and it is urgent, is shown, among other things, by the fact that in the past two years new wage settlements have on the average provided for annual increases in earnings of more than 8 per cent. The O.E.C.D. report which I referred to put it at 8.7 per cent. Such increases are well beyond the long-run average gain in productivity in Canada, by any relevant measure. They are also well above the increases in the last two years under similar collective agreements in the United States, where long-run average productivity growth is about the same as in Canada.

Corporation profits, which in the early years of expansion had risen strongly to relatively high levels, have, however, declined significantly in the course of the past two years. Profits before tax in 1967 were about 5 per cent lower than two years earlier, although non-farm output had increased by some 8 to 9 per cent. Without this decline in profits—and I admit that the decline has been from the high levels of the earlier period—wage and salary increases in excess of productivity gains would have had an even greater effect on prices.

This spiralling process in prices and incomes cannot be halted overnight, but we must do our best to check it. There is no easy way to do this in a free society and in an open economy, and Canada has about the most open economy in the world. There is no easy way to do this, especially in a period of economic expansion. Rising demands, which go with expansion and prosperity, push up costs. Rising costs push up prices. Higher prices in their turn further push up costs, which affect production and consumption and halt expansion.

For the resulting difficulties, labour blames big business and management and their excessive profits. Big business blames labour unions and their alleged excessive demands. Consumers blame the merchants. The merchants blame the manufacturers, and everyone blames the government, especially the federal government, even though more than 55 per cent of the taxes in this country now go to provincial and municipal governments.

These days I receive letters, listen to speeches and read editorials in the newspapers urging the government to cut expenditures, to reduce inflationary pressures and lower rising costs. However, the government is also urged, often by the same people who demand that we cut costs, to spend more money on pensions, on anti-pollution measures, on housing, on price supports for farmers, on education, retraining, health grants, research and on a great many other worthy and important projects and purposes. Every day we are urged to curb expenditures. At the same time we are criticized for cutting out or cutting down on some good and favourite projects, even though it is realized that in present circumstances some very desirable things will have to be postponed or scrapped or reduced in order to keep the finances of the country on an even keel.

Eventually everything has to be paid for and the government does not have any magic way of raising money for these purposes. It

is, of course, easy to say that it can all be done by eliminating waste and extravagance.

An hon. Member: Right.

Mr. Pearson: It is easy to say that it can all be done by eliminating waste and extravagance but the problem of finding the hundreds of millions of dollars which will be required to do all the things that ought to be done, and I have mentioned some of them, cannot be met by eliminating waste and extravagance alone, desirable though that is.

An hon. Member: But it would help.

Mr. Pearson: So it becomes more and more a problem of priorities and of assessing what even an expanding economy can take on at any given time. And these priorities, let me add, are priorities within provincial and municipal expenditures as well as federal, because municipal and provincial expenditures cover more than half the expenditures of the country.

Mr. Woolliams: Why don't you take the lead?

Mr. MacInnis (Cape Breton South): Medicare in the provinces.

• (4:00 p.m.)

Mr. Pearson: I will come to that in a few moments. I will show who is taking the lead in cutting expenditures.

The government has to spend the money it collects wisely and well, of course, but that money can only be secured by taxing or borrowing. At the present time it is not easy to do either—either to tax or to borrow. Interest rates make it difficult to borrow and taxes are already high. But the money must be found and that is one of the purposes of the bill before the house. We cannot safely indulge in deficit financing when inflation, not recession, is the main danger.

To check inflation government must, of course, keep its own financial affairs in order. This requires in present circumstances establishing a balance between income and expenditure even if it means the postponement or elimination for the time being of many good projects and the reduction of government borrowing even for good purposes. We are eliminating certain programs and we have postponed or stretched out others.

We have reduced substantially the amount we shall have to spend as well as the amounts we shall have to borrow in 1968 for all purposes. We have asked the provincial governments and, through them, municipal governments, to co-operate in this effort. Reduction of expenditures and an increase in revenues, along with a reduction of non-budgetary outlays, are, then, necessary for financial stability. This, I repeat, is why we have introduced the bill now before the house and why we shall propose further cuts in expenditure.

The critics of the government say, of course, that there ought not to be any tax increases, or that the kind we are proposing are the wrong kind; that our proposals are inflationary or that they are deflationary; sometimes these two complaints are made in the course of the same speech. They say the reductions are made in the wrong places, or that they should not be made at all, or that the reductions should be bigger. The government is accused of being niggardly or extravagant, or both.

The most persistent charge is that we have lost control of expenditures, which are said to be skyrocketing. I submit that the government has made a very real and effective effort to maintain control over increased expenditure.

Some hon. Members: Hear, hear.

Mr. Pearson: Such control, as the Leader of the Opposition (Mr. Stanfield) quite rightly said some time ago, is the only control which in present conditions is realistic. Our effort has certainly been more successful in controlling expenditure than the effort made at the provincial and municipal levels as comparative figures show quite clearly. We are now achieving a substantial reduction in the rate of increase in budgetary expenditures. The rate of increase for 1968-69 will be 4.1 per cent. It was 12.5 per cent for the current fiscal year. On October 4 the Minister of Finance (Mr. Sharp), as reported on page 2810 of *Hansard*, told the House of Commons of our efforts to screen and reduce programs and expenditures and work toward a balanced budget. The opposition was not impressed. They claimed that federal expenditures remained excessive and were out of control and getting more so in comparison with the growth of our national product, and that we have no right to ask for taxes until we have reduced expenditures to much lower levels.

Let me give the house some figures to show that the percentage increase in federal expenditures, was not greater but less than the increase in the gross national product during

the last five years. There was a 42 per cent increase in the gross national product as against 30 per cent in federal expenditures. During the period from 1957 to 1966, roughly a ten-year period, the increase in federal expenditures and the increase in the gross national product were roughly the same—81 per cent. But during the same period the increase in provincial and municipal expenditures amounted to 186 per cent. For the ten-year period as a whole, the percentage increase in federal expenditures was identical with the increase in the gross national product. In that same period the annual average percentage increase in provincial and municipal expenditures was 12.1, while the average annual increase in federal expenditures was 6.7 per cent, and we shall be reducing that in the forthcoming year to 4.1 per cent.

The same trend is shown in the figures for total federal and provincial expenditures as percentages of the gross national product. In 1954 federal expenditure represented 16.9 per cent of the g.n.p. That figure in the first three-quarters of 1967 had gone down to 14.5 per cent whereas the figure for provincial and municipal expenditure had risen from 10.7 per cent to 19.4 per cent.

Equally significant are the percentage figures of total public expenditures in Canada divided between the federal government on the one hand and provincial and municipal governments on the other. In 1952 the federal percentage was 66 per cent. This had declined by 1966 to 43 per cent whereas provincial and municipal expenditure had gone up from 34 per cent to 57 per cent. I am not criticizing the increased requirements of the provinces and the municipal governments. They were, of course, required for important things. But these figures do indicate where the impact of expenditure mainly lies at the present time in terms of prices and costs. The figures tell their own story.

I should like to look at the total federal expenditure figures in more detail and consider why these have been increasing in recent years. Our budgetary expenditures in 1962-63 amounted to $6.570 billion. The projected figure for the current year is $9.885 billion. This represents an increase in roughly a five-year period of $3.315 billion. Next year we are budgeting for $10.3 billion which we hope to reduce by $75 million.

Now what was the nature of the expenditure involved in this figure of $9.885 billion which has been described as extravagant and as representing an excessive increase over preceding years? Of this amount $1,800 million is allocated to defence. This represents 18.2 per cent of our budget and 2.9 per cent of our gross national product. It is the lowest percentage of the gross national product devoted to defence by any country in NATO except Denmark and Luxembourg. Can we reduce it? Of course we can, if we wish to withdraw from our present commitments for collective and continental defence, if we wish to withdraw from the Atlantic coalition for defence—

Some hon. Members: Hear, hear.

Mr. Pearson: —and restrict our defence expenditures to those required for internal security and a Canadian contingent for a United Nations police force, which would mean, in effect, becoming a non-committed power in international affairs.

• (4:10 p.m.)

The second great category of expenditures in this total of over $9 billion represents payments to individuals in this country. Among them are pensions, family and youth allowances, the government contribution to unemployment insurance, and veterans pensions. These total $2,428 million.

The third category is payments to provincial governments, and this year they represent $1,892 million. These are total figures, and that is where our money is going.

Let us now look at the increases, both the amount of the increases in absolute terms and the nature of them. The first category of increases is to be found in programs introduced by the present government which represented new expenditures in 1967-68. In that year expenditures for these new programs came to $424 million.

What are these new programs? They include youth allowances, the health resources fund, the fund for rural economic development, occupational training for adults, which cost $120 million, the municipal development and loan board, post-secondary educational grants, which cost $103 million, manpower mobility, the Canada Student Loans Act, the area development program, the program for advancement of industrial technology, defence industry modernization, and general incentives to industry for the expansion of scientific research and development in Canada. All these represent a $424 million increase for very good proposals and projects.

The second category of increases covers increases in the last five years in programs

which have been enlarged by the present government. These programs include family allowances, old age, blind, disabled and unemployment assistance, the Hospital Insurance and Diagnostic Services Act, medical research grants, subsidies and other payments to provinces, payments to municipalities, veterans affairs, freight assistance, the trans-Canada highway. Over that period these increases come to $1,075 million.

If you look at the increases over a one-year period you will find that the main increase last year in the categories of health and welfare for increased social security, debt charges, provincial and municipal governments, veterans affairs, transportation and communications, resources development and Indian affairs, aid to education, external aid and general government expenditures, which was only a $20 million increase, came to an over-all total of $975 million. Surely the increases in expenditures last year were on programs and projects which had good and worthy ends.

In this connection I would like to point out two things. The first is that of our total expenditures more than 55 per cent are uncontrollable. The second is that some of the biggest increases within the last few years have been under such things as the Hospital Insurance and Diagnostic Services Act and the family allowances programs. The increases with respect to these programs are automatic with the increases in population. Those automatic increases have amounted to $124 million this year, which could be added to those over which the government cannot exercise control because of the nature of the expenditures themselves.

Therefore I submit, Mr. Speaker, that in our expenditures to an extent never exceeded before in this country we have been relating economic policies and social policies. This is one of the things that has got us into some financial difficulty and why we now have to use the instruments of economic policy perhaps a little more effectively than we have been doing for the last year or two.

These instruments of economic policy, which the house knows are used to influence our economy, are fiscal policy and monetary policy. They are both powerful instruments. The federal government and the central bank—and here I want to pay my tribute to the way the central bank has been managing its affairs—have tried to employ these instruments as effectively as possible in the difficult and changing circumstances that they have had to face. Yet these instruments do have their limitations. There is no doubt about that.

The impact of both monetary and fiscal policies on the level of demand in the economy is not immediate but takes effect with a very significant time lag, and that means that those policies have to be formulated with a forward view of the economy. But the economy, especially in these days, is often subject to influences that are essentially unpredictable and that make accurate forecasting very difficult indeed. The techniques of economic forecasting have improved considerably over the years but there will always remain unpredictable situations, as pointed out in the report of the O.E.C.D. to which I have referred.

There will always be the risk that the combined weight of monetary and fiscal policy will be inappropriate at some particular period of time. This risk is greatest when the economy is already operating at high levels of output and employment and when a moderate under-estimation of future demand strength may be sufficient to permit the emergence of excessive demand pressure. The reverse mistake could also be made and lead to recession.

Therefore the government has supplemented fiscal and monetary policies by selective economic programs of a longer range importance, designed to improve productivity, to encourage price competition within the economy, and to make it easier for workers to move to the jobs where they are most needed.

Among these are the programs for occupational training and retraining, the labour mobility program, the program for the advancement of industrial technology, industrial research and development incentives, the rural development program and the adjustment assistance programs. The government has also made very substantial funds available to the provinces for vocational, technical and professional education.

These selective programs, along with fiscal and monetary policies, have their effect over the longer term. But in the current situation additional measures are required to have a more direct and immediate effect. We must find some effective means of influencing, not controlling but influencing, the many individual decisions that give rise to increases in incomes, costs and prices. To this end the government proposes to establish a governmental agency, commission or board, whatever it may be called, to review and scrutinize

major decisions affecting prices, incomes and costs throughout the economy.

This agency will analyse the nature and probable effect of such decisions and, where necessary, subject them to public review and criticism. It will also discuss price and cost problems with representatives of management, labour and consumers, in order to clarify the issues involved and ensure before major decisions are reached that all concerned are aware of the issues and that in dealing with them the public interest is taken fully into account.

The precise nature and the terms of reference of this review agency will be determined after necessary consultations with interested parties. These include provincial governments, the leading elements in the labour movement and in industry, professional associations and others concerned. We shall also, Mr. Speaker, take carefully into account any views on this proposal expressed in parliament.

Consultation with and the co-operation of the provinces will be of first importance. It is clear, Mr. Speaker, that except for businesses and operations under federal jurisdiction, prices, incomes and costs are matters largely within provincial jurisdiction.

• (4:20 p.m.)

Of course the federal government has responsibility for fiscal and monetary policy. But to avoid any conflict or misunderstanding the agency's legal functions, which we propose, will be limited to inquiry and report and to the focusing of public opinion on the findings it may make, compliance with which will be voluntary.

There are various ways in which such a prices and costs review agency could be established. But it is important that it should be done quickly and I believe this can be done by using the provisions of the Inquiries Act. It is not contemplated, therefore, that additional legislation will be required at this time. In the light of experience, if and when an agency with greater powers and authority is required—and this is the way such a board was handled in the United Kingdom—then the government can submit legislation to parliament for that purpose within the constitutional authority it has. Meanwhile action can be taken under the Inquiries Act at once to set up this machinery with carefully defined powers of investigation and report.

In connection with the role of any review agency it is interesting to look at the course adopted in the United Kingdom and followed by the government of the United Kingdom through the national board for prices and incomes. There the problem is a simpler one constitutionally, of course, than we have in Canada. According to an official United Kingdom statement the policy objective of the government in setting up that board was that "money incomes should rise in line with the long term growth of national output and that a generally stable level of prices should be maintained." The specific role of the board is "to examine and report on any questions relating to prices charged for goods or services; to pay claims or settlements or other matters relating to conditions of service and employment; or to any other form of income." The British board has interpreted its task as having three aims: "First, to bring home to the parties immediately concerned the wider implications of their actions; second, to bring these implications home to others involved in similar situations which are not before the board; third, as promoting a quicker adaptation of out of date practices to new needs through consultation between management, unions and the government." In Canada we will have the advantage of working out the powers of this review agency after studying the experience of the United Kingdom board which has been in operation now since 1965, I think.

In the United States similar responsibilities have been assigned to a cabinet committee on price stability which recently has been established. Many other countries have set up similar agencies or agencies with a similar purpose in mind. The methods adopted in other countries have varied but it is clear that machinery of this kind is found to be essential in many major industrial countries.

As an immediate step to deal with the problem in Canada pending the establishment of the board or agency or commission, a special *ad hoc* committee of cabinet composed of certain ministers who have responsibility in these matters is being established and charged with the responsibility of ensuring that effective action is taken jointly to develop and bring this program into effect. I have sent letters to the premiers of the provinces setting out our concern about the problem, our ideas concerning how we should proceed to deal with it and asking for their co-operation. We are proposing early meetings

between federal and provincial representatives to discuss in detail the way in which the two levels of government can co-operate most effectively in this important task. A small group of senior officials is getting in touch with the provincial governments to prepare the way for these early consultations.

Mr. Lewis: Mr. Speaker, I wonder whether the Prime Minister would accept a question? I should like to ask him whether he would be prepared to table the letters he has sent to the provinces.

Mr. Pearson: I would be very glad to do that, Mr. Speaker. I will send a wire to the provincial premiers asking for their permission to do so. Some of them may wish that I wait until they reply.

Mr. Speaker: Order, please. I am afraid the right hon. Prime Minister does not see the hon. member for Jacques-Cartier-Lasalle who is seeking permission to ask a question.

Mr. Rock: Mr. Speaker, I should like to ask the Prime Minister a simple question in this regard. I hope this agency will cover the cost of drugs manufactured in Canada as well as everything else.

Mr. Pearson: I would think the authority of the agency in its investigatory powers under the act would be sufficient for that purpose.

Canada is by no means alone in having to face the problem of reconciling full employment with the maintenance of reasonable stability of prices. Other countries have resolved this objective through a variety of means, but it is urgent that Canada find methods that fit the Canadian political, constitutional and economic framework. We must deal effectively with the problem because a solution must be found to it if we are to proceed with sustained economic expansion.

Mr. Speaker, I ask the house to look at the bill before it in the light of current financial conditions as well as in the light of the background of the other conditions which I have ventured to put forward and with which perhaps I have dealt at too great length. I have no hesitation in the circumstances we face to ask the house to support this bill. It represents only a part but an important part of the government's plans. These must be plans at all levels of government in order to secure for this country financial stability with an economic expansion that is continuous and sustainable, the benefits of which will be shared fully and fairly among all sections of our people.

[Mr. Pearson.]

Mr. MacInnis (Cape Breton South): Mr. Speaker, would the Prime Minister permit one short question? In the light of the action now taken by the government can he explain why while campaigning in Quebec the Secretary of State for External Affairs (Mr. Martin) spoke of reducing the tax burden on the Canadian people rather than increasing it.

Mr. Pearson: I hope the time will come, Mr. Speaker, when that may be done. Perhaps the minister was looking into the future.

Hon. R. A. Bell (Carleton): Mr. Speaker, this government has introduced more strange and undesirable parliamentary precedents than all its predecessors put together. This afternoon another has been added—a budget by instalments. Last week we had budgets by press conference and budgets by television. This afternoon we have a budget by instalments. Last Wednesday the minister announced new budgetary measures to replace those defeated by the house. He announced them in committee of supply. Today, just four parliamentary days later, we have the unusual spectacle of the Prime Minister, in what is probably his parliamentary swan song, delivering another budget message. By what procedure? He intervenes on second reading to make a statement which is in fact irrelevant to the bill under discussion. The only way to describe this inept and bumbling procedure is "budget by instalments".

Some hon. Members: Hear, hear.

Mr. Bell (Carleton): One thing that is clear, sir, is that this government of alleged decision has been demonstrated to be a government of ineptitude. For, sir, this new budget which was delivered by the Prime Minister was really an admission of failure. It is an apologia for the fact that the Prime Minister acknowledges at last "that Canada's price performance over the past year or two has been bad". It has been bad, Mr. Speaker. That is what we have been trying to tell the Prime Minister and the Minister of Finance for months and months on end. Deaf to our pleas have they been. The Prime Minister went on to say: "It now compares unfavourably with that of most other industrialized countries and, of special significance, with that of the United States." Mr. Speaker, that sounds as if the Leader of the Opposition had written it.

• (4:30 p.m.)

What is the Prime Minister's remedy for the situation? The substance of his parliamentary swan song today was apparently a prices and income review agency or commission. He has not even decided what it is to be called; that is a token of the significance he attaches to it. He says an agency or a commission, or call it what you will. Its functions, its objectives and particularly its procedures and its sanctions were left vague and uncertain. The conclusion I came to as I listened to the Prime Minister was that the proposal was a tangled and belated compromise between expediency and necessity.

Certainly inflationary pressures throughout the nation are rampant. Firm and decisive action is imperative. The savings of our people have been eroded and continue to be eroded month by month. Gains in wages have been lost due to fantastic price increases, even before wage earners have had an opportunity to enjoy them. Up and up has gone the cost of living and down and down has gone employment. Today, for example, in our greatest city, Montreal, the unemployment rate is 7 per cent, which represents an unemployed working force larger than the total working force of the capital of Saskatchewan, the city of Regina. Those who are employed are living in dread and fear of runaway inflation. Why do we have these situations in this great country? I am going to analyse some of the reasons the Prime Minister advanced this afternoon but I say to him directly, and I say what the people of Canada know, that the basic reason lies with the 27 men who sit opposite of the treasury benches.

Some hon. Members: Hear, hear.

Mr. Bell (Carleton): Mismanagement of our economy, mistaken budgetary and fiscal policies, fire and fall back policies, flip flop —these have been the characteristics displayed by the Prime Minister and his band of quarrelsome, querulous colleagues. Make no mistake, it is this government which is the author of our economic misfortune, and no attempt to blame it on international factors or blame it on the provinces or municipalities has any basic realism. Excessive spending, wasteful practices, and blindness to economic forces have brought us to the brink of disaster. No attention has been paid to the warnings of the Economic Council of Canada and less to the Auditor General's reports. Politics first has been the watchword of this government.

Will this belated attempt to impose some restraint be of any value? I think the Canadian people will insist on something more than window-dressing. They have been fed enough political flim-flam and economic humbug. Look at the situation. Last June the Minister of Finance talked about guide lines and then he backed away from them. He abandoned this procedure of persuasive restraint. Today, nine months later, what does the government do? It suggests, and I think this is the sum total of the Prime Minister's speech this afternoon, that at some later date it may lock the stable door after it has investigated to make sure that the horse has really been stolen.

What about this matter of priorities that the Prime Minister suggests? What a conversion that is, Mr. Speaker. Not since the conversion of Saul on the road to Damascus has there been anything to equal the Prime Minister's new rectitude in this clasping to his breast of the very policy of priorities that he has always spurned. Priorities indeed. I really thought that only we on this side of the house had talked in that realistic manner. He says, "Oh, yes, we are going to establish an ad hoc committee of the cabinet". How that will make the profiteers tremble. Sir, if a cabinet committee frightens industry and labour as much as any form of a committee of this cabinet frightens the members of this house, inflation will be over automatically,

What of the Department of Consumer and Corporate Affairs? Some of us on this side of the house were under the illusion that it was established to do the very things that are now suggested are going to be done by this agency, commission or call it what you will. Is it that the hon. member for St. Lawrence-St. George (Mr. Turner) is in the doghouse because of his leadership ambitions? Must his wings be clipped? Is this why the Department of Consumer and Corporate Affairs is being denuded of all those great things described to us earlier in the session as its role? What is to happen with all the officials who have been appointed to this new department? The Prime Minister left this unsaid, but merely inferred the transfer of authority to the new agency, commission or call it what you will.

The absence of genuine effectiveness in the new proposal the Prime Minister made this afternoon would seem to be indicated by the fact that no legislation is proposed by the government, that the existing legislative powers are sufficient. "We will do it under the

Inquiries Act." If parliament can be bypassed now let me point out that the government had it in its power to establish this commission or agency at any time in the last 18 or 24 months when the inflationary situation was developing. The Prime Minister said this afternoon that conditions had been bad during the last two years. That was his phrase, "bad for two years". Why then, if he admits that today, did he dilly-dally and fiddle while the flames of inflation developed?

The Prime Minister gave no indication this afternoon whether there would be any sanctions in this agency or commission. What teeth will it have? Will it be merely a toothless albatross encumbering the economy? The Prime Minister, as I say, does not even know what it should be called. Whatever it may be called, will it be merely the establishment of another cumbersome, ineffective bureaucracy to replace the jurisdiction of the hon. member for St. Lawrence-St. George, who now appears to have got himself in the doghouse?

At the moment the government's proposal, I submit, is nothing more than an expression of pious future intention. The government cannot make up their minds what to do, so they ask others to tell them. I suggest that these pious intentions look just like buckpassing. There are many questions that must be answered before the attitude of this house to the proposal in respect of this particular agency can be determined.

We on this side of the house, and let me make this absolutely clear, are determined that inflation must be stopped, but we have had enough of gay promises without any subsequent effective action. Perhaps there are two things about which I might congratulate the Prime Minister. First, he made a speech in the House of Commons and not on television. Second, at long last he recognized that the present economic expansion started in the year 1961. Listen to his phrase this afternoon, of which I made very careful note—"during our period of expansion which began in 1961". How different from what he used to say when he sat on this side of the house and when the speeches were rolled out for him by the present Minister of National Health and Welfare (Mr. MacEachen). Only because the Prime Minister is about to leave us do I refrain from saying that it has taken the right hon. member for Algoma East at least three years to destroy the expansion of the economy which the Progressive Conservative government began.

[Mr. Bell (Carleton).]

• (4:40 p.m.)

May I now give some attention to the new income tax bill, the third attempt at legislative parenthood by the Minister of Finance. This now emasculated bill is the crumbling cornerstone of the government's tottering budgetary edifice. Allegedly the tax increases which it contains—and that is all that is left of it—are designed to meet the fiscal, economic and international crisis which was once so fervently denied by the government but is now so clearly admitted on all sides as well as by the Prime Minister this afternoon.

This crisis is chiefly of the government's own creation. But I want to put to the house very directly that the real crisis in Canada today is a crisis of government, or more specifically a crisis due to lack of competent government. Whatever tinkering may be attempted by fiscal and budgetary expedients, whatever piecemeal efforts may be made to bolster our sagging economy, the crisis will not be ended until this incompetent government is dismissed by the electors. It will not be ended until the government is replaced by a responsible, effective and decisive administration. Yes, sir, the crisis in Canada today is a crisis of confidence and confidence, both domestic and international, can only be restored by a new government.

I think Strickland Gillilan must have had this government in mind when he wrote:

Off ag'in, on ag'in,
Gone ag'in—Finnigan.

What other seven words could more aptly describe the fiscal and economic gyrations of the Minister of Finance? I suggest that his words have seldom been matched by actions, and such actions as he has taken have misfired or been reversed. Unlike any of his predecessors, the Minister of Finance has permitted himself to be the prisoner of events, instead of attempting to act as the captain of the nation's fiscal fate. Yet in his rather frequent television appearances—and I do not attach anything sinister to the number of times he has been on television recently—the Minister of Finance has developed a unique talent for making his inconsistency sound plausible and his about-turns appear economically sophisticated as well as personal vindications.

This house realizes that this is the sixth income tax bill in two sessions of parliament. This country has been treated to the spectacle of what amounts to four budgets in just over 14 months. The first one was on December 19,

1966, the second on June 1, 1967, the third on November 30, 1967, and the fourth on March 6, 1968, which now has been extended by this procedure of budgets by instalments. Of course, as we all know, there have been some intermediate so-called financial statements. The Minister of Finance has done at least one thing. He has achieved an all-time record as a budgeter within the briefest possible period. I suggest to the house that that fact in itself constitutes a confession of dismal failure and of unprecedented fiscal mismanagement. The minister says, "Oh no, this demonstrates flexibility". Flexibility, as the minister interprets it, is just an excuse for uncertainty and a cover for inadequate foresight or the total failure of any foresight.

The Minister of National Revenue (Mr. Chrétien) was very clear about this. I thought he made one of the frankest presentations on television on Sunday night that I have ever heard. The interviewer's name was Mr. Martin, and I do not think it was the hon. member for Essex East. Mr. Martin asked the following question in discussing the manner in which the budget was presented:

> And yet, generally enough, in the press it has been recognized as a sort of contempt of parliament.

This is what the Minister of National Revenue answered, and I quote from a translation on which I had the skilled assistance of the hon. member for Edmonton West (Mr. Lambert):

> Oh well, some people! There are many traditionalists in Canada and Mr. Sharp is not one of them. He is an extremely flexible person, so flexible that in fact it is his third budget. He is not wedded to the idea that one must present a budget and be bound by it. One must follow economic circumstances, and it is not something very wrong.

The Minister of National Revenue is apparently a great one to make a virtue out of necessity. He said that the Minister of Finance is so flexible that in fact he has delivered three budgets. Flexible, indeed. Let us imagine that instead of making three mistakes he had made six. If he had delivered six budgets he would have been even more flexible. Is fiscal uncertainty to be elevated to a principle of statecraft?

The Minister of Finance has attempted to justify his various changes of course and pace by alleging international factors, as did the Prime Minister this afternoon. But I ask the Prime Minister and I ask the Minister of Finance: Can they point to any nation which has followed such an uncertain, inconsistent budgetary policy as to need four budgets in 14 months?

In the first of these budgets the minister urged restraint. In the second he expressed fear that restraints might lead to recession or economic slowdown. In the third he reversed himself again and asserted a renewed need for restraints, and in the present budget measures he has simply reiterated or underlined that need. In the first budget he taxed, then he removed taxes, then he reversed himself and taxed again, and now in this bill he has proposed another form of taxation. Surely nothing more is needed to establish that the minister has simply resembled a cork bobbing in the economic sea, helpless to resist the waves and helpless to resist forces which he neither foresaw nor attempted to control in advance.

The Prime Minister quoted various alleged authorities this afternoon but he forgot to quote the words of the London *Economist* written on September 30, 1967, which focus attention on the failure of our fiscal policies as represented by this bill as vividly today as they did then. They read as follows:

> Mr. Sharp, alas, cannot avoid the responsibility for inadequate fiscal action, the need for which he now seems belatedly to have realized. His budget—

That is the June budget.

> —did not revive last year's expansion, but it did nothing to stem the rise in costs and prices. Worst of all, it pushed interest rates higher, because the public was unwilling to absorb bonds and generate a further increase in the money supply.

There we have stated what is responsible for the outrageous interest rates in this country today, namely, the policies of this government which have pushed interest rates higher. The article reads further:

> There have been few examples of such a violent swing of the levers of economic control. Policies that would have been admirably suited to cope with a state of excessive under-utilization of resources were continued well after demand was clearly pressing too hard on the limits of supply. This was not the fault of business, which was trying to cope with its own cost squeeze, but the fault of government which ought to have been far more sensitive to the signals that the economy was making to it.

There, exposed by perhaps the most perceptive economic journal in the world, is the record of the fiscal flip-flop which has led us to our present crisis and which is the parent of this bill. The *Economist* pinpoints the undoubted fact that government policies are responsible for the usurious interest rates

crippling the economy, interest rates which simply cannot be continued at their present level. It pinpoints as well the violent changes in government policy. This article, which as I say is as penetrating and perceptive today as it was in September, concludes with this comment:

> What Canada needs is not a change in the country's longer term objective of well-based prosperity, but the simple recognition that the pace of spending has been running ahead of real output.

• (4:50 p.m.)

Well, sir, the government's recognition of this fact has been to increase this year's main estimates as contrasted with last year's main estimates by almost 8 per cent. I am going to deal with the Prime Minister's figures in this respect. Restraint is what the government preaches, but extravagance and wastefulness are what it practices. In his statement this afternoon the Prime Minister said that the increase in the estimates this year was 4.1 per cent over last year. I suggest that this figure is simply a delusion. It compares apples with oranges. It compares next year's main estimates with the total of all of this year's estimates. It is a phony technique of argument.

This comparison gives no consideration whatever to the supplementary estimates, no consideration to the expenditures that will be required for medicare. I say to you that the only realistic figure to put forward in any comparison of the main estimates for next year would be an increase of almost 8 per cent over last year's main estimates. There is the Expo deficit and a variety of other things to consider. Before we are finished the increase will be considerably more. I did not think it was sporting of the Prime Minister this afternoon to attempt to unload so much of the blame on the provinces and municipalities. What he did not say was that many of the provincial and municipal costs result from the fact that this government forced their hands in cost-sharing programs, and the proposal for July 1 next is forcing their hands even more.

I want to come back to the fact that this bill, as the main part of this fourth budget, came about by the most extraordinary procedure in budget history. Its second birth, resulting from Your Honour's ruling, deserves the attention of Shakespeare. The only way to describe it is, "a comedy of errors". Twenty years ago the then minister of finance, Mr. Abbott, brought about budget by radio, then a unique process of bypassing parliament and violating all constitutional precepts. The

uproar which resulted from that technique ought to have laid these odd procedures to final rest. But oh, no, what Mr. Abbott could do the present minister could do better. Last Wednesday afternoon he condescended to tell the house that he intended to propose tax measures. Did he disclose to the house what they were? Not at all. He decided to upstage Mr. Abbott by holding, within an hour of the adjournment of this house, a press conference to tell what he declined to disclose to the people's representatives. Budget by press conference is the new technique for ministers who are "with it". By coincidence, there was a popular television program later that evening and naturally the star of the show was the minister.

Budget by press conference lasted only an hour and a half as the accepted new technique and was replaced by budget by television. So Mr. Abbott, with his old fashioned budget by radio, was passé. The new technique of defiance of parliament, the new way of expressing "parliament be damned" is budget by press conference and budget by television. Finally, this afternoon we have had budget by instalments.

Again, it was the Minister of National Revenue who let the cat out of the bag completely. During the same television interview to which I referred earlier this question was put to the Minister of National Revenue by Mr. Martin:

> This week there were announced new fiscal measures after the defeat in the commons of the temporary surtax of 5 per cent. These were announced by means of a press conference; it is rather unusual, let us say, in the traditions and usages of parliament.

The Minister of National Revenue replied:

> Yes, it is unusual. It is the first time for a tax to be announced by way of a press conference. But it was as the result of the circumstances which prevailed last week. We were negotiating with several countries and with the United States in particular to stabilize the dollar—

Apparently the minister knew about the negotiations that were going on, although he did not really know the dollar was in difficulty. The Minister of Finance did not disclose the figures to his colleague, apparently.

> —and it was absolutely necessary to disclose the new tax to the House of Commons. Since it was a Wednesday, the minister made his presentation in the afternoon without saying precisely what were the nature of the taxes he would levy and he tabled at six o'clock in the House of Commons the budgetary resolutions and he thought that these could lie—

I put down "dormant" but it might be translated "undisclosed".

—undisclosed until tomorrow in the afternoon, only the Speaker was inclined to transmit them to the press. Therefore, the Minister of Finance felt he was obliged to make a statement immediately to the press so that it would be patently clear that it was the Minister of Finance who was making the announcement. But he had warned the opposition parties that he was going to do it.

Well, sir, one of the problems with this government is that except for the hon. member for Essex East (Mr. Martin), who is preoccupied with other matters, they do not have a parliamentarian in their whole kit and caboodle. When they lost Chevrier and Pickersgill, and when Martin became an internationalist, they were left without a parliamentarian of any kind. They stumble from one parliamentary crisis to another chiefly because none of them has ever bothered to discover what parliament is all about. I believe, sir, they should remember what Cicero said, that "to stumble twice against the same stone is a proverbial disgrace".

With all the vigour that I can command I deplore their contemptuous treatment of parliament, their cavalier disdain for established budget practices, their scornful arrogance in by-passing this commons chamber. Then, sir, the attempt to present at this one session of parliament a budget proposal so similar in principle, as it is in this bill, to one defeated by this house constitutes a precedent dangerous and intolerable. My comments do not reflect upon Your Honour's ruling but upon the lack of parliamentary understanding by this government. If this house has any role at all which predominates over all others it is as keeper of the purse strings. The precedent set by the Minister of Finance in recent days must be reversed or it will plague our Canadian democracy for long years after all of us have gone to our rewards.

But, sir, odd and objectionable as the procedures have been, even odder still are the proposals themselves. In most aspects the proposals in this bill are far more objectionable than those defeated by this house in Bill No. C-193. I think there are certain principles upon which all members in this house on all sides can agree. All of us appreciate that drastic action is needed to restore confidence domestically and internationally. This government has brought us to that point. All of us agree that defence of the Canadian dollar is a first obligation of parliament and that it must be achieved whatever the side consequences.

• (5:00 p.m.)

All of us support a major attack upon inflation and its continuous victimizing of every Canadian. Relative stability in the price-cost structure, I submit, is imperative if we are to achieve balanced economic growth. Our trade must be expanded, our productivity greatly enhanced, our industry made adequately competitive.

But, Mr. Speaker, this is the test: will the proposals in this bill achieve any of these agreed objectives? With respect, I submit that they retreat from rather than advance to those objectives. The proposed cure, the 3 per cent surcharge on personal and corporate incomes, will intensify rather than alleviate the fiscal malady. I put it to the house, how can you stabilize prices when you set out deliberately to increase costs of production? That is the government's dilemma. These new tax policies will in fact feed the fires of inflation and in their final impact will bear most heavily on those least able to pay. It is the consumer who will pay for this government's mismanagement.

What I am saying to the house is that what the government is doing is pursuing an inconsistent and self-defeating course. The government seeks to control or at least to stabilize prices; yet by an increase in personal and corporate income taxes it makes inevitable a rise in costs. The government apparently seeks to stabilize wages and salaries; yet it raids the worker's pocketbook, driving him inexorably to seek additional income.

These increased costs of production, inevitable as they will be as a direct result of this bill, will be passed along to the consumer. Those costs which are passed along to the domestic consumer will give impetus to the inflationary spiral. Those passed along to the international consumer will reduce our competitiveness in world trade, enhance our balance of payments difficulties and keep the Canadian dollar in a state of suspense. At the very time when we ought to be exerting a unified national effort to expand our exports, the Minister of Finance is raising our costs in a manner which can only frustrate our export drive. These tax hikes, I submit, will sabotage our trade promotion.

Over last week end in Halifax, I think it was, the Minister of Trade and Commerce (Mr. Winters) coined the term that the budget proposals would be a "decentive" to industry. He knows they will be as well a "decentive" to trade at the very time when our trade

promotion should be most aggressive. Why he with his views about balanced budgets and "decentives" remains in this government must be a mystery to all members and indeed to all Canadians. I suggest that he would be doing a national service by insisting upon the immediate acceptance of his resignation so that he can speak his mind freely and easily. The example of the former president of the privy council is there for him to emulate.

So, sir, with this new prices and incomes commission or agency on the one side and the corporate and personal income surcharges on the other, the Minister of Finance is establishing opposing forces that are inevitably set upon a collision course. And, as in so many other matters, the government, being uncertain of its proper course, has set in motion two diametrically opposed forces and now sits back to watch which one will triumph.

The minister's attitude to this situation, Mr. Speaker, reminds me of the following statement by Plato:

> Has he not also another object, which is that they may be impoverished by payment of taxes, and thus compelled to devote themselves to their daily wants and therefore less likely to conspire against him?

Are there any alternatives, Mr. Speaker, to the government's present policy? There is one simple alternative that was explicitly presented by the Leader of the Opposition (Mr. Stanfield) last Thursday night. The personal and corporate surcharges are designed to raise $150 million. But the government already has on hand $105 million in refundable corporate tax which it proposed to pay out in this fiscal year and which, under the laws enacted by this parliament, it need not repay before May, 1969. The acceleration of repayment was decided upon by the minister last June, I think it was, when he was in one of his moods which led him to think that the economy needed stimulation and when he thought that he should get some additional money into circulation to prevent slowdown and unemployment. His view of the economy has changed. I suggest he could easily and legally withhold payment instead of imposing an income surcharge.

The minister alleges that this would create problems for the minister of finance in the fiscal year 1969-70. Surely, Mr. Speaker, this is only a confession of the inadequacy of his present policies. A budget in this year within reasonable balance would give the new minister of finance in 1969-70 genuine flexibility to care for the repayment out of growth. In any event, Mr. Speaker, I want to assure the Minister of Finance that we on this side of the house will not hold it against him at all. We would be quite glad to take our chances on what our budget will be in 1969-70.

If the minister would adopt the Leader of the Opposition's suggestion, Mr. Speaker, the difference to be made up would be $45 to $50 million. Surely, as the Leader of the Opposition said, in a budget of $10¼ billion it should be possible to save $50 million. It is not as if all the water had already been wrung out of the estimates.

Mr. Woolliams: They are waterlogged.

Mr. Bell (Carleton): Yes, Mr. Speaker, maybe they are waterlogged.

Last autumn the Minister of Finance and the President of the Treasury Board (Mr. Benson) engaged in the greatest propaganda drive of all time to convince the public of their belated conversion to budget restraint. What an heroic battle, we were told, was being waged in Treasury Board to avert increases in expenditures. But when the main estimates were tabled they disclosed what I have pointed out—an 8 per cent rise over the main estimates of one year ago. The alleged "hold the line" policy had become merely a propaganda farce.

All that the Treasury Board had done, Mr. Speaker, was what is done every year, namely, cut back on departmental requests. I think everyone knows, certainly anyone who has sat in government knows, that there is an annual game between departments and Treasury Board. The departments submit considerably more than they expect to receive, believing that whatever they submit Treasury Board will cut them back. This cat and mouse game is as old as the techniques of budgeting. But this year, Mr. Speaker, for the first time the Minister of Finance and the President of Treasury Board made flamboyant boasts about the normal processes of estimating and they claimed virtue for actions which every preceding Treasury Board had considered just good fun.

Now, sir, can there be any further restraints? I point out to the minister that in the summer and autumn of 1962 the late Hon. George Clyde Nowlan and his colleagues on Treasury Board, of whom I was one, managed a reduction of $228 million in a budget of $6¼ billion without interfering with

any essential service. From experience I know how difficult it is, but it can be done and it can be done without loss to the economy and without loss to the essential services to the public.

I want to refer the minister to the tables that appear at page 650 of *Hansard* for October 18, 1962. He will see there the savings of $228 million. If $228 million can be saved from a $6¼ billion budget, is it asking too much to save $50 million more from a $10¼ billion budget, particularly when the minister proposes to save $75 million after the President of the Treasury Board, less than a month ago, assured us that not an additional dollar could be saved from the main estimates? I put it to the Prime Minister that if he would only read the recommendations of the Auditor General and the recommendations in the reports of the public accounts committee of this house he would find a good many ways to take him a long way to the objectives he has named.

• (5:10 p.m.)

Some hon. Members: Hear, hear.

Mr. Bell (Carleton): Sir, there are times when I wish the minister would frame and put on his desk, so that he could see it every hour, this quotation from a message that President Grover Cleveland gave to congress:

> When more of the people's sustenance is exacted through the form of taxation than is necessary to meet the just obligations of government and expenses of its economical administration, such exaction becomes ruthless extortion and a violation of the fundamental principles of a free government.

An hon. Member: Resign.

Mr. Bell (Carleton): When this government came to office less than five years ago spending was at a rate of about $6 billion per annum. Now, as a result of what the former distinguished Superintendent of Insurance, K.R. MacGregor, described as the "spend-yourself-rich" theory of government, spending exceeds $10.25 billion. By the end of the next fiscal year it will exceed $10.5 billion. Some of Mr. MacGregor's comments in his address to the last annual meeting of the Mutual Life Assurance Company of Canada are directly relevant to this bill and the budget policy it represents, and I quote them:

> Earlier, I referred to the "spend-yourself-rich" theory of government. At this point, I should like to suggest the desirability of abandoning as well the "spend-yourself-popular" theory of government in favour of policies more attuned to the wishes of most Canadians. Political leaders seem to have been proceeding on the assumption that Canadians want a paternalistic government, but I am convinced that a majority want first, good government, in order to lead the country out of confusion and uncertainty,—

Heaven knows, we have enough of that today.

> —and second, more of their incomes left for their own disposal. For many years, people have been led to think that governments can do things better and cheaper, but more are now coming to realize that all things—including universal welfare schemes —have to be paid for in full, and that an increasingly onerous tax burden is the inevitable result.

This bill is that "inevitable result", that "increasingly onerous tax burden". For the short reprieve that this government has in office it should take to heart Ken MacGregor's wise words.

The Minister of Finance and the President of the Treasury Board have been engaged in a major propaganda effort to try to convince the public that the government proposes to balance the budget. The President of the Treasury Board, as reported on page 6663 of *Hansard* for February 13, 1968, went so far as to guarantee a balanced budget—guarantee, if you please. Well, those are only a few of his many glib words that the President of the Treasury Board will have to eat.

The budget deficit for this year, 1967-68, will exceed $750 million. That, Mr. Speaker, is three quarters of a billion dollars. Last Wednesday the Minister of Finance, in releasing statistics which he called "a new outlook for 1968-69 budgetary position", in defiance of his colleague on the Treasury Board forecast a budgetary deficit of $40 million next year, with only limited provision being made for supplementary estimates and without any provision being made for medicare. Far from the balanced budget guaranteed by the President of the Treasury Board, we are heading into a major budget deficit, and if we get the economic slowdown, the deflation, the increased unemployment and the lower agricultural prices which are likely to result from mistaken government policies, the deficit may be much greater. The pretensions of a balanced budget are simply a propaganda hoax attempted to be perpetrated on the Canadian people.

What disturbs me, sir, is the disposition of the government and of some members of the public to blame extravagant governmental expenditures on the public service. It is an insulting fallacy that civil servants are the big spenders. The big spenders, the wasteful,

extravagant profligates, are the members of the cabinet itself. The great majority of civil servants try to run a tight ship, and as taxpayers themselves they are sensitive to wasteful projects. But they cannot contend with their political bosses—this disintegrating cabinet. The cabinet members are the ones who throw the millions around and who fail to respond to the Auditor General's strictures.

A by-product of this type of thinking is the absolute freeze on public service establishments. I point out that rarely, indeed, do I adopt the views of the President of the Treasury Board. But on December 7, 1967, just three months ago, before the Minister of Finance imposed the freeze, the President of the Treasury Board expressed views which I hold. Since he expressed them more forcefully and vividly than I could ever hope to do, I wish to quote them. I want members of the house to remember that I am quoting the President of the Treasury Board and I want them to visualize him speaking in his usual glib and jaunty manner. I quote from page 5173 of *Hansard*:

> I do not think, however, that we should go so far as to impose an arbitrary absolute "freeze" on present establishments. We have examined this suggestion which has been put forward from a number of quarters. Governments in the past, both federal and provincial, have attempted to "freeze" establishments. Such efforts have never been successful. They have produced inequities, distortions, frustrations, and even waste, as senior officials have been obliged to get along without the supporting staff which they require in order to function effectively.

Remember, Mr. Speaker, that was just three months ago.

> The adverse consequences of an absolute freeze persist long after the freeze itself has been abolished or has been eroded away. At the very best, a freeze succeeds only in buying time until a proper policy for restraining staff growth can be devised. A freeze is not in itself a policy: instead it is evidence that no policy exists—

Some hon. Members: Hear, hear.

Mr. MacInnis (Cape Breton South): Resign, resign.

Mr. Bell (Carleton): Listen to this, Mr. Speaker.

> —and that the authority imposing the freeze has proven to be incapable of devising a policy. We have a policy and we are going to apply it.

Can you not hear the President of the Treasury Board uttering those words? I say to him, "Oh, consistency, thou art a jewel."

When I started to meditate about the President of the Treasury Board, whose words I

• (5:20 p.m.)

adopt in full, and what he had done I thought that only two men could have described adequately what has taken place, and they were Gilbert and Sullivan. So I went to Utopia Limited and I read words that apply here. The words which introduce to the stage Sir Bailey Barre, Q.C., M.P., ought to apply to the introduction of the President of the Treasury Board, C.A., M.P. I quote:

> A complicated gentleman allow me to present,
> Of all the arts and faculties the terse embodiment,
> He's a great Arithmetician who can demonstrate with ease,
> That two and two are three, or five, or anything you please;
> An eminent Logician who can make it clear to you
> That black is white—when looked at from the proper point of view;
> A marvellous Philologist who'll undertake to show
> That "yes" is but another and a neater form of "no".

Some hon. Members: Hear, hear.

An hon. Member: That applies to the finance minister.

Mr. Bell (Carleton): Sir, that which on December 7 last was evidence of no policy, is now policy. That which proved, according to the President of the Treasury Board, that the authority imposing a freeze was incapable of devising a policy, is now gospel. This house did not need additional proof of the incapacity of the authority. That which the President of the Treasury Board said on December 7 had never been successful, had produced inequities, distortions and waste, is now clutched to his heart as revealed wisdom. Need one say more to display that this yo-yo government is without a clue from month to month as to where it is going or, indeed, as to where it has been.

Some hon. Members: Hear, hear.

Mr. Bell (Carleton): Henri Bourassa, from the depth of his experience, characterized this attitude when he exclaimed :"The only policy of Liberalism is to have no policies; the only principle of Liberalism is to have no principles."

This bill contains the same proposal as was made in the unlamented Bill C-193, or should I say it was lamented only by the Minister of Finance who has made it clear he considers the measure now before us to be only second best.

The feature of this legislation from which the hon. gentleman expects to receive the most substantial sums in the next fiscal period is the provision for accelerated payment of corporate income tax. What the house should understand is that this is merely a gimmick. It is a one-shot operation and in the long run it will not produce a single extra dollar; it simply helps the minister in the immediate fiscal period before us. It is useful once, and once only. In its impact it merely transfers the need to resort to credit facilities from the government to the corporations. It is unlikely to reduce in any way the strain upon the market. The Minister of Finance may be relieved of the necessity of going to the market for the $240 million which this acceleration will yield in the first fiscal period but the payers, the industrial and commercial enterprises of the nation, will probably have to borrow this amount from the banks and the other financial institutions, leaving the net market situation approximately unchanged. However, though we doubt the basic utility of this proposal we shall not oppose it in committee.

Let it be understood by all, though, that the pressure upon the capital market will not be substantially relieved. The impact of government policies will continue to hold up the already intolerable scale of interest rates. I repeat that the burden of interest charges which is being placed on the young people of this nation is becoming nothing short of a national disgrace. Usury, I regret to say, has become an accepted fact of Canadian life, not equalled since Christ drove the usurers from the temple.

It is only by indirection that this bill can be of any advantage in the major task of protecting the Canadian dollar. Yesterday afternoon a fantastic episode was revealed in this house in connection with our exchange reserves. Three times in the course of a television program on Sunday night the Minister of National Revenue stated positively that our reserves had fallen to $1,700 million, which would represent a loss of $790 million in one week. On a question of privilege the minister corrected this. What had happened? He had suffered from a lapse of memory, he said.

Did the Minister of National Revenue make a minor mistake involving only about $800 million? Poor Mr. C. D. Howe got into trouble for asking "What's a million?" Today the Minister of National Revenue forgets about $800 million. A memory lapse, indeed. What a change. The Minister of National Revenue said our losses were running at a rate of between $25 million and $35 million each day. The Minister of Finance says the Minister of National Revenue has not been made privy to his secrets at all. But there has been no denial of the figure which his colleague gave.

In my view the proposals in this bill will not really help to stabilize our dollar position. They will further discourage investment by Canadians in Canada and force Canadian capital to seek opportunities abroad. I suggest that no one can fail to view with alarm the rapid trend of Canadian mutuals, for example, to invest in United States and other securities. At the end of 1967 Canadian mutual fund investments in foreign equities had risen to 44 per cent from 33 per cent the previous year. This vast drain of Canadian capital will be accelerated by the terms of the bill before us. While the minister is struggling to bolster our dollar he is adopting self-defeating taxation policies which intensify his problem.

Mr. Speaker, Bill C-208 is, if anything, more objectionable than the taxation measure which the house rejected earlier. It is an attempt by the Minister of Finance to make the Canadian people scapegoats for the government's own deficiencies and for the consequences of its reversible on-again off-again policies. The bill itself is an unholy tangle of opportunism and necessity. It is self-defeating, likely to inflame rather than control the inflationary forces at work in the nation. It will not solve the fiscal and economic crisis confronting Canada. The only answer to the current crisis, Mr. Speaker, is a new government.

Some hon. Members: Hear, hear.

Mr. David Lewis (York South): Mr. Speaker, in the course of a fairly long political experience I have seldom heard an important statement more disappointing, more devoid of content and more bewildering than the statement made by the Prime Minister (Mr. Pearson) this afternoon.

I am sure he is occupied by important national business at this moment; I should have liked to say this while he was here, because I was terribly disappointed, and I respect the right hon. gentleman. After spending an awfully long time on a silly, elementary exposition of orthodox economic nonsense he followed this up by revealing

something he did not define—a review board which is a complete hoax on this parliament and on the people of Canada. The right hon. gentleman even entered the sphere of psychedelic economics and talked about l.s.d. He attempted to blame the provinces, the municipalities, the international world, everybody and everything except the policies for which he and his colleagues are responsible.

He gave us an elementary lecture on economics which was not relevant to the present economic situation in Canada or in any other part of the world. Then he talked about the review board which we were promised a few days ago, a board which was going to do something about controlling the pressure for price or wage increases. And it ended in nothing at all. I say to the Prime Minister as the leader of my country: It is shameful to represent to parliament and to the people of Canada that you are coming before them with a policy and then to come before them with a sham. That is shameful distortion of the duties of a government, and particularly of a prime minister.

• (5:30 p.m.)

I can understand why. If you look through *Hansard* of the last couple of years you will find that the Minister of Finance had deprecated the idea of a review board. The Minister of Agriculture (Mr. Greene), on a late show, expressed himself in his usual amusing way about the irrelevancy of a prices review board. The Minister of Consumer and Corporate Affairs (Mr. Turner), in a speech which he made when the legislation setting up his department was before committee, was as supercilious about it as he is about most of the suggestions made to him. We have one minister who does not like the idea, we have another minister who is amused by it, and we have a third minister who is supercilious about it. In those circumstances how could we expect the Prime Minister to come out with any policy that is meaningful on the same subject?

If I sound indignant it is because I am, Mr. Speaker. This is the only area of policy in which I had hoped the government would do something today. But instead the Prime Minister comes in with a statement which literally means nothing at all and tells us nothing about what he will do about prices, wages, incomes or anything else. It is an insult not only to the intelligence of the people of this country but to the members of this house. It is a form of cynicism I would have expected from some members of the cabinet but which I had a right not to expect from the Prime Minister himself.

When you look at the Prime Minister's statement, what did he tell us? He said, as the hon. member for Carleton (Mr. Bell) pointed out, that it might be a board or it might be a commission. Then he said it will be set up under the Inquiries Act. I looked at that act, Mr. Speaker. I do not claim to be a legal expert, or an expert on the particular relevance of the sections of that act, but that act does not provide for the kind of continuing agency which we must have to deal with the problem of prices, wages and incomes. That act talks about giving a person who is to be charged notice of the charge. Who in heaven's name is talking about a charge? The act does not give a commissioner of inquiry authority to make recommendations. What good is a board which does not make recommendations? It is entirely irrelevant to the kind of economic and social inquiry which is necessary.

We are not dealing with a Munsinger affair for which you appoint a royal commission under the Inquiries Act, of a Spencer affair, or some scandal, or some particular issue that is being investigated. We are talking about a basic economic and social policy to be made by a basic economic and social agency. What insulting nonsense it was for the Prime Minister to suggest that under the Inquiries Act he is going to set an arm of social and economic policy on a continuing and meaningful basis. It is not going to be anything of the sort.

We were told that the policy with which the government was now coming before parliament was a three-pronged policy. One prong was a bill to recoup the revenue which might have been collected under the bill which was defeated. The second was a reduction in expenditures of $75 million. I have not yet figured out the percentage which that is of $10 billion, but I suspect it is pretty infinitesimal. The third was the establishment of some kind of agency to control by persuasion or in some other way restrain the increased cost of living.

We have got the bill by which to get the taxes. The $75 million cut in expenditures is not worth a hoot in Hades so far as the people of Canada are concerned. It is no more than a scratch on the surface so that members

of the government may be able to say, "We have cut expenditures". It is another cynical outrage. So far as the third and most important part of the policy which we were promised is concerned, it is now just a large zero without meaning, without content and without purpose. Yet the government thinks that members of the opposition, and indeed its own supporters, ought to vote for it on the bill which is before the house.

I say, Mr. Speaker, that I was deeply disappointed by the statement of the right hon. Prime Minister because in his analysis of the economy he did no more than repeat the things which the Minister of Finance has said over and over again, until one was as bored when the Prime Minister sat down as one had been when the Minister of Finance sat down. The change of voice had no effect on the words that were used or the thoughts that were expressed. I am almost inclined to be Biblical about it, the voice being the voice of Jacob but the hand being the hand of Esau —the Minister of Finance. I was inspired to this kind of comment by the hon. member for Carleton but I assure you, sir, that I am not going to Aristotle, Plato, or indeed to Gilbert and Sullivan tonight, although I might be tempted to go to the Marx brothers, which might provide a more appropriate analogy.

Moreover, the Prime Minister showed his failure and his government's failure to comprehend the nature of the present problem by saying, with a kind of charming smile on his face, that sometimes this tax bill is accused of being inflationary and sometimes of being deflationary. Let me tell the right hon. Prime Minister a secret. It is a fact that this tax bill is both. It is a fact that in the present economic situation the tax bill is inflationary in the sense that it will increase prices. It will probably encourage higher wage demands through the personal surtax, and the surtax on corporations will be passed on to the consumer in the form of higher prices. Thus it will be inflationary in that sense. It will be deflationary as well because the withdrawal of this money from the purchasing power of the country will further depress the economy and further increase unemployment.

This is the dilemma in which the right hon. gentleman and his friends and their friends in the loyal opposition find themselves—these great supporters of the system which has completely tied them hand and foot. This is their dilemma, that without the necessary planning and control of the agencies of economic power in our society this kind of policy is both inflationary and deflationary at the same time. As I have said elsewhere, it gives you the worst of both worlds: increasing prices and increasing unemployment simultaneously. That is exactly what this policy does, and that is exactly what it will do. The right hon. gentleman shows a lack of comprehension about the present world when he is astounded by people suggesting that this bill will be both at the same time. It will indeed be both at the same time.

In a speech which I made last December I said, and so have many of my colleagues, that we cannot go along with the Conservative party's attitude to this situation. I think the government is right in saying to the Conservatives: "Stop talking about cuts in expenditures without telling us what you wish to cut out." The right hon. Prime Minister would be perfectly entitled to say to the Leader of the Opposition (Mr. Stanfield), "In my speech today I indicated the programs which have caused increases in federal government expenditures. Please indicate which of these you want cut out." Which of these programs the Prime Minister has listed has the Conservative party got courage and honesty enough to say it does not want?

Mr. Grafftey: That is an old saw.

Mr. Lewis: It is not an old saw. It is a fact. Let parliament and the people of Canada into the secret as to which of these programs—old age security pensions, family and youth allowances, veterans pensions, equalization payments, the Canada Assistance Plan, hospital insurance, health grants, etc., etc.—the Conservative party wants cut. I say, Mr. Speaker, that if they were sitting to your right instead of to your left they would not touch a single one of these programs because they know perfectly well that these programs have the support of the Canadian people and are necessary to the welfare of the Canadian people.

• (5:40 p.m.)

Mr. Starr: They do not represent the total budget. You should be honest about it.

Mr. Lewis: I will try to be honest. I do not have to try very hard to be more honest than some other hon. gentlemen who are calling for honesty. I appreciate that they are not the total budget I realize there are other expenses involved, but they are related to these programs.

Mr. Starr: They are not.

Mr. Lewis: I join with anyone who is for motherhood and against sin. I am in favour of ridding ourselves of waste and extravagance. Who is not? In fact, while this was going on I had a suggestion in mind. I intended to suggest to the right hon. Prime Minister that by sacking half his cabinet he might accomplish something in the way of expenditure cuts. Undoubtedly there is waste and extravagance and it should be cut out, but I say seriously to my friends in the Conservative party—I do not wish to fight with them—that even if we cut out whatever waste and extravagance there is we still will not meet the essential problem, because the introduction of new programs to help the economy, to stimulate the economy, build houses and provide people with social insurance and medical insurance will require government expenditures.

Mr. Grafftey: It is not what they are doing but rather how they are doing it.

Mr. Lewis: In that I will agree with my hon. friend. If what the criticism amounts to is that the government is not doing these things well, then I certainly agree with them on that. The hon. member for Ontario (Mr. Starr) asked me to be honest. I am trying to be honest. I do not intend to fool myself, any member of this house or any citizen of Canada by suggesting that it is possible to have a modern society with government participation in all the fields in which it must participate without increasing expenditures and therefore without the need for increased revenue. There is no way to avoid this. I do not propose to present my arguments on any basis other than a recognition of that fact in a modern society.

There are other areas, however, in which serious cuts in expenditures can be made in addition to cutting down on waste and extravagance. There are such things as some of those suggested by the Auditor General and by the Glassco commission. We think there are also other ways in which to cut expenditures. We have indicated these time and time again to the government. We believe Canada should stop wasting money on defence expenditures that are of no value to the international community and of no value to Canada's national interests. Every penny spent on NORAD—if my memory serves me correctly the amount is about $130 million—is a total and absolute waste because NORAD was created to meet a threatened manned bomber attack the danger of which disappeared if it ever existed at all. Most of our defence expenditures under NATO are now useless because the situation in Europe is entirely changed. I do not wish to go into the details of this. My friend and colleague the hon. member for Greenwood (Mr. Brewin) did so the other day.

The international situation for which NATO was created in 1948-49 no longer exists. The threat of Soviet attack in Europe has certainly receded and I hope with all my heart has disappeared. Statements by representatives of all the members of NATO and the recent investigation have shown that everybody is agreed that the role of NATO should be changed from that of a military alliance to that of an organization to negotiate with the Warsaw pact countries solutions to European political problems. These, therefore, are the areas in which the government could bring about cuts in expenditures of hundreds of millions of dollars without affecting any issue of principle or welfare internationally or nationally. The right hon. Prime Minister recognized this but then said, if I remember his words correctly, that this would mean becoming an uncommitted nation.

I do not see what right—I was first inclined to use rather stronger language—the Prime Minister had to say that. France has withdrawn its military participation in NATO and is by no means an uncommitted nation. There are other nations in Europe which are not part of the military NATO machine and they are by no means uncommitted nations. We are not suggesting for one moment that Canada should be anything other than a nation concerned with the welfare and progress of the democracies and the democratic objectives which all of us in this parliament are determined to preserve and expand. That does not mean, however, that we must participate in huge military expenditures that are of no value. That is the case in respect of the expenditures to which I have referred.

This is not a debate on external affairs but perhaps I might add that I am perfectly and profoundly convinced that by hanging on to these traditional policies without the courage to reassess them—and this is true for our friends as well as for ourselves—we create harm internationally because this makes us unable to deal in a modern and relevant way with the new problems which exist in Europe and in the world. We concentrate so much on an outdated military role for NATO that the reports which suggest a political role are treated as just so many statements and words

to which no one pays any attention. The argument continues to be heard that western Germany should have this or that or that some countries should do this or do that militarily. These are the issues on which we concentrate to the exclusion of consideration of the new political situation in Europe which requires a solution. So if we are looking for cuts in expenditures and in manpower that would be considerable and significant, these are the areas where we ought to be looking.

Then there are other areas where we could raise additional revenue. We have said this time and time again although my Conservative friends certainly have not. There are those areas mentioned in the Carter report such as the situation in which people make money in the stock market. I am describing it in that way so that it will be clear to what I am referring. There is the matter of a tax on the money people make on the stock market or from speculating in currency or in gold to the disadvantage of Canada and the world. These people get away without paying any tax on this money. Then there is the matter of the removal of concessions to mining companiest, insurance companies and oil companies.

What has happened in respect of this bill is that the Minister of Finance and his advisers have decided to put a little sugar on the pill. They have thought of us as children who would be attracted by the sugar and therefore would swallow the pill even though we regurgitated the one he tried to give us on February 19. Let me tell you that my colleagues in my party, and I join them, are pleased and proud of the fact that parliament was able to force out of this government and this Minister of Finance some little modicum of improvement in the tax bill. The rate is now 3 per cent instead of 5 per cent. It is a little more equitable because corporations are covered as well as individuals. It is definitely declared to be a temporary tax for only two years. It has removed the ceiling and it has increased the floor from $100 to $200. All these things were ordained against the minister's wishes and against the government's intentions by the determination of all opposition members not to stand for the inequity of the last bill.

• (5:50 p.m.)

We are very pleased today that parliament was able to assert itself and make the minister, against his desires and his wishes, be a little more fair. Fairness is the kind of thing that even when squeezed out against a person's wish is still of some value. Other things may not be. We are not going to swallow this bill even though it is sugar-coated, because it still heightens and underlines the inequities of the present tax system and it is still the wrong policy for Canada's economy.

Nothing struck me more disappointingly and distressingly about the Prime Minister's statement than this fact. He was able to make a speech of about an hour on this day, March 12, 1968, and say not a single, solitary word about unemployment in Canada. He said not one single, solitary word. Indeed, he even went so far as to make a statement somewhere in his speech, and I say this with some hesitation about the Prime Minister of this country, which was totally and factually wrong. It was untrue. Somewhere in his speech the right hon. Prime Minister said that our economy is still expanding, although at a slower and more bearable rate. The fact is that our economy is no longer expanding at the present time.

The fact of the matter is, and someone ought to have told the Prime Minister, that as of January of this year unemployment in Canada was at 6.1 per cent of the work force. Someone should have told the Prime Minister that in the Atlantic provinces the rate of unemployment as of January of this year was 11 per cent. Someone should have told him that in Quebec as of today the rate of unemployment is over 8 per cent and in Montreal is 7 per cent. Someone should have told him that on the prairies the rate of unemployment is now over 6 per cent and in British Columbia higher still.

To make a statement about the state of the economic union in Canada today and mention not a single, solitary, syllable about increasing unemployment in Canada is to be capable of that kind of self-delusion, if not distortion, which may be as admired as it is to be regretted. The fact is that we oppose this bill because of these unemployment figures. We oppose this bill because it continues a disastrous policy for Canada.

Raising $150 million additional in a budget of $10 billion is not going to arouse the confidence of the international money market unless all the people who deal in the international money market are a gang of moronic idiots. I do not think the people dealing in the international money market are morons. They are usually pretty cute, and people as cute as

they are, are not going to think that the raising of revenue by less than 1 per cent of the total budget shows an ability to control the economy. They still use some simple monosyllabic words to describe that kind of hoax. They are pretty sophisticated men and women who deal in that market. Does the Minister of Finance believe that they will really feel this is the way the Canadian dollar is being saved? That is rubbish.

The kind of thing that could really increase these people's confidence in Canada is increased productivity in this country and the accomplishment of some of those things the now-buried Watkins report suggests. I suppose the hon. member for Davenport (Mr. Gordon) resigned from the government because he has to put on sackcloth and ashes to supervise the burial of the great policy he has been promoting for so many years but which now appears to be completely dead. I do not blame him for feeling sad about it. I feel sad also.

It is my belief that we can increase the confidence in Canada if we do some of the things suggested in the Watkins report including the rationalization of Canada's industry, the specialization of Canada's industry, doing away with the idea that Canada's economy is to continue to be merely a carbon copy of the economy south of us, which is what it is now. We should do the things that will make Canada's economy efficient, and above all we should decrease unemployment to at least 3 per cent or even less. When we do that our revenues will increase, our people will have a higher standard of living, and the entire world will see a growing, throbbing economy. Surely that is the greatest safeguard of the currency of any nation in the world.

Why was the British government unable to hold its currency in spite of all the things it tried? Basically the economy of Great Britain was in very serious difficulty. Why is Canada pretty confident that we can hold the dollar with care but without too much trouble? It is basically because the economies of North America are strong. Our resources are many and our economies are rich. That is why we can do what a poor economy like Britain's, which requires a great deal of modernization and a great deal of attention, was unable to do.

These are the things we should do to protect our currency. We must manage the economy properly by planning properly, not planning the way the Minister of Finance and his advisors have been doing or, as my leader said the other day, by putting on the brakes one day and the accelerator the next, and, according to some of the articles I have read, at least six months late each time.

The final word I want to say, and I will not be more than a minute or two, is that in our opinion Canada is becoming so tied to the economy and even the monetary system of the country to the south that our independence, our sovereignty, our freedom of action and our self-reliance are being eroded by the policies of the government of this country supported, at least I think, by members of the official opposition. Nothing gives greater evidence of this than the Minister of Finance's own behaviour since the United States policy was announced by the president in January. I do not have any quotations but the Minister of Finance is in the chamber and if I misstate him I invite him to correct me.

In January, immediately after the President of the United States announced his policies, the Minister of Finance in his engaging way rose in this house and before television cameras stated these policies would not affect the Canadian economy. He said: We are not worried about them at all and there is no need to be concerned because they will not affect us. A little later he said he had to go to Washington to get clarification of these policies that were clear to him at the beginning of January and which did not affect us. A little later they apparently were not clear to him. Then three or four days ago he came to this house and with great glee and satisfaction informed us that the United States policies which did not affect us and which we did not care about because they had no influence on our economy, the policies which had already been clarified for him, were now not to be applied to Canada at all. He went to the most awful trouble to get rid of policies that meant nothing, according to him.

The fact is that he was not honest with himself or with us in January. He was under self-delusion later when he talked about clarification. He knew perfectly well that the United States policies would affect the Canadian economy and eventually he would have to do something about them. What does he do? Does he take some action on the part of this government? No, Mr. Speaker, he makes a trip of the mendicant to Washington. He gets down on his knees and makes a new arrangement with the government of another country, the policies of which do not apply to us. "Please do it to him, don't do it to me",

says the Minister of Finance, and when he gets the right response he comes back here with glee.

• (6:00 p.m.)

I realize it is six o'clock, Mr. Speaker. Let me conclude by saying that we will oppose the bill before us because it carries on the inequities. We are disappointed beyond words at the lack of any substance to the review system about which the Prime Minister spoke today. I hope we share the view of all opposition members that this kind of performance by the government should not only not have the confidence of the house but does not deserve the confidence of the people of Canada, particularly the working people of this country.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Vancouver-Kingsway (Mrs. MacInnis), Consideration to withdrawing Canada's participation from NORAD; the hon. member for Queens (Mr. Macquarrie), External Affairs—Nigeria—Canadian efforts to end civil war; the hon. member for Saint John-Albert (Mr. Bell), Communications—inquiry as to reservation of satellite space.

It being six o'clock I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

The house resumed consideration of the motion of Mr. Sharp for the second reading of Bill No. C-208, to amend the Income Tax Act.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I intend tonight to proceed with a consideration of the speech made this afternoon by the right hon. Prime Minister (Mr. Pearson).

I shall abstain from analysing that of the hon. member for Carleton (Mr. Bell) in which there is some good, since he blames the government for not having anticipated the financial and economic situation now prevailing in Canada. On the other hand, the hon. member for Carleton, as usual for the Conservatives, took great care not to offer a solution to the problems we have to deal with now.

That is on a par with the hon. member for York South (Mr. Lewis) who said, among other things, that the new bill introduced in the house was a pill a little more sugared than Bill No. C-193 but he too forgot to offer a plausible solution, a solution that might settle the problem.

Since 1962, we, of the Ralliement Créditiste, have been warning the government against this serious situation, this present state of economic chaos. Government members might say again and again that the same situation prevails in Great Britain, in the United States, in Belgium and in France, but this does not settle the problem here in Canada.

It is surely not by means of tax increases that we shall lower the cost of living, create employment or promote the economic development of our young country abounding in all kinds of resources.

This afternoon, we listened to the speeches of the Prime Minister, of the hon. members for Carleton and for York South and tomorrow, it will be reported in the press, on radio and on television, that the opposition criticized the government, that the latter announced further taxes, that the Prime Minister said that the federal government was spending less than the provinces or the municipalities. Now, the whole speech of the Prime Minister may be summed up this way: The provinces and municipalities spend more than the federal government.

Mr. Speaker, at a meeting of the members of the Ralliement Créditiste, we asked ourselves: in view of the precarious situation of the minority government, and in view of the fact that at times—perhaps not always, but at times—we of the Ralliement can hold the balance of power of this parliament, how should we use this balance of power, as a political party composed of intelligent beings, for I maintain the members of the Ralliement Créditiste are intelligent and reasonable beings. We asked ourselves this question: How must we use this power? Must we use it merely to

bring on elections or rather, in a given situation, must we try to obtain maximum results for the Canadian people? That is the question we asked ourselves: Must we spend our time playing at elections?

Mr. Asselin (Charlevoix): You are afraid of elections.

Mr. Caouette: The hon. member for Charlevoix (Mr. Asselin) says that we are afraid of elections. I am willing to fight him on his own grounds, at La Malbaie, or anywhere else for that matter. I have already defeated him and he knows it. He was a minister, but a minister who was not worth a penny.

Mr. Asselin (Charlevoix): Mr. Speaker, I rise on a question of privilege.

I invite the hon. member to meet me on my own grounds, any time at all!

Mr. Caouette: Any time at all, as the hon. member knows. He was once called "honourable". It lasted three weeks. If he thinks he is the most important person in the riding of Charlevoix, he will see what will happen in the next elections. He will lose his riding.

Mr. Speaker, we wondered whether, in a given situation, we should be content to play at elections or try instead to get the very best results for the Canadian people. That is the question each Créditiste member must ask himself, not only in the house, but outside the house. That is the question the hon. member for Charlevoix should ponder instead of thinking only of elections and spending the people's money.

In the parliamentary crisis brought about by the defeat of Bill No. C-193, was it more important to oppose the tax increase or to defeat a government which would have been followed by a similar government? That was the question.

When we think, Mr. Speaker, that there was a time when, on the other side of the house, there were 208 Conservatives out of a total of 265 federal members, and it was then that the Canadian dollar was devaluated and there were a million unemployed in Canada, one cannot accept that these people should give us a lesson and keep saying that the Créditistes are afraid of elections. From 208, their number fell to 100. They lost 108 members, I think, and now they are trying to give us a lesson!

Mr. Speaker, that does not prevent this government from having responsibilities and I shall talk about that later.

[Mr. Caouette.]

By the course of action we took during the debate on Bill No. C-193, as well as those who voted with us, we saved Canadians an increase of about $475 million in taxes and got them a refund of more than $75 million already collected since January 1, 1968. That is, I think, a positive action which will be profitable to all Canadians.

• (8:10 p.m.)

Mr. Lambert: Not even a cent was reimbursed.

Mr. Caouette: Certain generous persons have accused us of having sold out to the Liberals. Did the same generous persons accuse us of having sold out to the Liberals when we voted with the government to increase old age pensions from $75 to $105 per month?

Where is the logic of certain election fanatics?

And for the information of the Conservatives—I regret that the hon. member for Prince Albert (Mr. Diefenbaker) is not here this evening, because I would give him a piece of my mind—on February 5, 1963, when the Conservative government was defeated, before the vote, I was in the office of a Conservative minister—there were two of them—and I was asked to support the government and I was told that, in the afternoon of the following day, I would be given John Diefenbaker's head on a silver platter, here, in the House of Commons. This statement was made by two ministers and the hon. member for Lapointe (Mr. Grégoire) is aware of it.

Mr. Speaker, we have not sold out either to the Conservatives or to the Liberals. But we do use our heads in parliament. I hear some members laughing. If you want to hear some more in this vein, I can oblige.

Everybody must know that we have voted against taxes and we have won our point. If the government brings in another legislation with taxes such as the one before us, we shall vote against it. Whether the vote is taken to-night, to-morrow or the day after, we shall vote against taxes, because the Canadian people is already overburdened with taxes. We submit—and I suggest to the Minister of Finance (Mr. Sharp) to listen to this—that if the Canadian government is able to lend money without interest to England, Algeria, Bolivia, India, Jamaica, or to any other country in the world, it should have at least the decency to finance its own monetary needs without interest as well. The Bank of Canada is certainly

in a position to play its own part, that is, make financially possible what is materially feasible. And I challenge the hon. Minister of Finance to tell me that that solution will not solve the problem facing the government at the present time.

Mr. Speaker, we are tired of seeing our taxes increased. I was informed earlier that the province of Ontario once more has to increase its taxes on gasoline, tobacco and cigarettes. The municipalities' turn will come next. Quebec city has just announced $1.20 increase on every $100 assessment. The city of Montreal has just announced some restrictions: such project will not be carried out for lack of funds.

The Prime Minister said this afternoon: Let us respect the system.

Earlier, Mr. Speaker, following the supper recess, I found two letters in my mail. I have one here which comes from St. Edgar in the Bonaventure riding. Unfortunately, the hon. member for Bonaventure is not in the house. It is a letter from a lady in St. Edgar, whose name I will not mention, but I have her letter in my hand. She begins in this way:

After listening to you on the television—

Mr. Speaker, I speak on television, each week, in Sherbrooke, Quebec, Carleton, Rivière-du-Loup, Chicoutimi, Rouyn-Noranda.

Mr. Mongrain: Not on the C.B.C.

Mr. Caouette: Not on the C.B.C., of course, but on private stations.

As one might expect, people listen.

I continue:

After listening to you on the CHAU television station, I want to congratulate you, because everything you say really makes sense.

Do you hear the hon. member for Charlevoix laugh. He finds that funny. We licked him in 1962 and in 1963, but he is not satisfied yet. Rest assured that we will lick him the next time.

Mr. Asselin (Charlevoix): The next time, you are the one we will lick.

Mr. Caouette: And the former little minister without portfolio will remember it, that time.

Mr. Asselin (Charlevoix): It is you that we will lick.

Mr. Caouette: This is what that lady says:

I want to congratulate you, because everything you say really makes sense and how happy we would be if, some day, we could go to bed at night without worrying about the next day.

That is the letter of a family.

We are eight in our family. I can tell you that the children do not have everything they need. As for myself, I am sick.

This is the mother of the family who writes that.

Mr. Speaker, I have four files, with four drawers, each filled with letters like that in my office. They come from people in every part of Quebec, New Brunswick, Manitoba, northern Ontario, who complain about their economic plight. Those are needy families. Do we have to go to India to see destitutes? Do we have to go to Jamaica or to England to see poverty? We have some right here at home; we can see people who go to bed at night worrying about what the next day will bring.

I have here another letter from Cap d'Espoir, in Gaspé South county. This is what it says:

Mr. Caouette, I listen to you every week over the television station at Carleton. I like to hear you talk. I find you are so right, even if I did not vote for you. Here, in Gaspé, your party did not have a candidate. It is very sad, because some people would have voted for your party. Personally, I am frank about it, I did not vote for your party, instead I voted for the Conservatives. There has not been much change. What can we do about it, whether they are Tories or Grits, they are all alike; the system is always the same.

That is precisely what we are saying. That letter, Mr. Speaker, comes from the riding of Gaspé—

Mr. Keays: Mr. Speaker, may I put a question to the hon. member?

Is that person the leader of your party in the riding of Gaspé?

Mr. Caouette: No, he is a former organizer of the member who just put the question, and he has just now lost him.

Mr. Speaker, having said this, I come to the analysis of the speech which the right hon. Prime Minister (Mr. Pearson) made this afternoon, a magnificent speech prepared by financial experts. There is no getting out of it, he did not prepare that speech himself. Besides, at one point, he had to change certain terms because those who wrote the speech did not use the terms he usually uses. But we realize that it was a speech intended to save the face of finance. It was not a speech for

the people, to save the young, to save fathers and mothers, no.

It was a speech asking us to make even more sacrifices, to tighten our belt even more. Only, tomorrow, the headlines will report not —that there are many parliamentary correspondents, I see—that the right hon. Prime Minister said it was necessary to levy a new tax, that the Conservatives blamed the government and the New Democratic party blamed the government. But the solution that we are advocating, to use the Bank of Canada, will be relegated to the obituary column or the back pages of the newspapers, even to the classified advertisements, perhaps under "Apartments for rent".

Mr. Speaker, it is certainly not through the press nor the C.B.C. radio and television networks that we can make our views known to the people. We use a network of private stations and this House of Commons to say what we have to say, to put forward our solutions. And I come to that.

The right hon. Prime Minister said this afternoon, quoting, for instance, "The 4th Annual Review of the Economic Council of Canada" published in September 1967:

• (8:20 p.m.)

[*English*]

This (expansion since 1961) represents probably the longest uninterrupted expansion—and certainly the longest peacetime expansion—in Canadian business cycle history.

[*Translation*]

The cycle system: cycle of expansion, cycle of recession.

When I was a boy going to school, I was taught sacred history. I learned the story of Joseph who interpreted the dreams of Pharaoh—

Mr. Mongrain: May I ask a question?

Mr. Caouette: You could let me conclude and ask your questions later, I do not mind but I find interruptions disturbing.

Mr. Mongrain: If the Chair would allow me. I know the hon. member is able to improvise and I have a simple question to ask him: Am I to understand that the hon. member did not receive the French version of the Prime Minister's speech, since he is quoting from the English version?

Mr. Caouette: Well, Mr. Speaker, I must say that I received this afternoon a revised French version, and I thank one of the Prime Minister's secretaries who has sent it to me, but it is almost impossible to read it. The note accompanying the text reads as follows:

I am very sorry to send you a rough French version, but the translators have just finished. I thought you might like to have something in French anyway, even if only a rough draft. Otherwise, it would be necessary to wait for tomorrow's *Hansard*.

Therefore, efforts were made to give me the French version. In fact, I think there are 43 pages. I thank those responsible in the Prime Minister's office for their consideration. They must have known I was going to speak in French tonight. I want to be fair and impartial.

Mr. Speaker, I was speaking of the dreams of Pharaoh which were interpreted by Joseph. Pharaoh had a strange dream one night. In the morning he sent for Joseph and told him: I dreamt of seven fat kine. All was for the best in the best of all possible worlds, everyone was happy, the court was prosperous, everything was going smoothly. A little later, I had the vision of seven lean kine. Joseph then explained to the Pharaoh that the seven fat kine meant seven years of abundance, and the seven lean kine, seven years of famine, and that the granaries had to be filled during the years of abundance so that people could live during the years of famine.

This is what I am reminded of by this government cycle contrivance or this cyclist business.

An hon. Member: Cyclic.

Mr. Caouette: The word "bicycle" could have been substituted for "cycle". That is what the Prime Minister said this afternoon and he further added:

[*English*]

It is also true that these problems are made more dangerous, and their solution made more difficult, by threats to the international financial and economic co-operation which so far has distinguished the post-war years from those of the thirties.

[*Translation*]

In 1928, Mr. Speaker, speeches similar to the one made this afternoon by the Prime Minister were heard in parliament, warning us against inflation, against a rapid economic growth, against projects that can wait, against the requirements of provinces, municipalities and school boards.

Mr. Speaker, this speach is strangely similar to the speeches made in 1928 and in 1929, a few months before the economic crash

which practically ruined the economy in Canada and in the United States.

Mr. Speaker, the Prime Minister did not tell us this afternoon that in 1914, before the first world war, our national debt had not reached a billion dollars, while in 1918, four years later, it was approximately $3.5 billion or $3.75 billion. What was the source of those $3 billion during the war?

From 1918 to 1939, our national debt did not practically increase, it remained approximately at $3½ and $3¾ billion. We went through the depression years saying to the Canadian people: "It is a world depression, starve on heaps or mountains of wheat, while large quantities of wheat and millions of bags of flour were thrown in lakes Superior, Erie and Ontario and 600,000 Canadians and their family were underfed. Potatoes were burnt in New Brunswick. Production was destroyed. Businesses were going bankrupt, a total ruin. It was the great economic depression, because there was no money, Mr. Speaker.

Our national debt remained at $3 billion until 1939. Now, from 1937 to 1945, the public debt has passed from $3.5-3.75 billion to $17 billion, representing an increase of $14 billion. But where did these $14 billion which were used to subsidize the war come from?

I remember the depression years. I was a young man then. We were desperately looking for jobs. There were no jobs, neither for the young, nor for men with a family to support. In 1939, Mr. Speaker, this is the invitation they sent to the young people of Canada: For the last ten years you have been ill fed, for the last ten years have not been well clothed, for the last ten years you been living in shabby tenements, now we invite you to join the army of His Majesty, to fight for the defence of what you have seen, of what you have been through, the great depression. Come now and fight for the defence of civilization and Christianity. This is what we were told.

The manpower necessary to the production of valuable goods in Canada was taken away. Those 800,000 young men whom we undertook to dress and house properly, to ship to the battlegrounds, were not producing for the people as a whole, but were going to defend the Canadian homeland. During those war years, when did we hear the Liberal government tell us that we were short of money to manufacture guns, shells, war destructive weapons, to clothe the soldiers, to feed them, to carry them over to Europe? Never. On the contrary, Canada reached a standard of living higher than before the war and during the economic crisis.

Furthermore, the Canadian government managed to give approximately $5 billion to England. Every time we threw bombs over Germany, did the Canadian government send Hitler a letter saying: If you do not pay cash, we will not throw them? Of course not, we gave him all that for nothing during those five years of war.

Today, the Minister of Finance, the right hon. Prime Minister and the government tell us that they are short of money while the Canadian economy is prosperous. If war broke out tomorrow, we would still find billions of dollars to dress the young people. We would send our university students to carry on their studies in military universities; we would find billions to make tanks, shells and guns. To fight the war, we would still find billions but when it comes to developing our Canadian economy, to create jobs for the 80,000 unemployed in the city of Montreal, to create jobs for the 400,000 or 500,000 jobless Canadians, the government tells us: We cannot afford it under the present financial conditions. The government grovels and crawls before a financial system.

The Prime Minister continued his jeremiad this afternoon when he said:

• (8:30 p.m.)

[*English*]

Our most worrying problem now is the threat to financial stability from the recent and continuing rates of increase of prices, incomes and costs in the Canadian economy.

[*Translation*]

Who is responsible for that situation, for the financial instability, for the increase in prices and in the cost of production? The tax increases and not just the government expenditures.

The Prime Minister also said:

[*English*]

Increase in productivity is essential if we are to have rising incomes without the kind of inflation which will rapidly erode the benefits we would otherwise receive from this rise.

[*Translation*]

We recognize that a higher standard of living is closely related to increased productivity. At the present time the warehouses of our plants, our wholesalers and retailers are splitting at the seams with all kinds of goods. All

one has to do to realize it is go around Ottawa, down Bank street, go to Eaton's or Simpson's or Caplan's or anywhere else in the country, go to Montreal, Vancouver, Winnipeg or Halifax. It is the same everywhere: the stores are full, overflowing with goods of all kinds and sales are advertised which are seasonal, mid-seasonal, quarter-seasonal, and combined. You see sales everywhere. Is productivity lacking to give the Canadian people enough purchasing power to dress, eat, and house themselves decently? Do we lack essential goods in Canada? "Increased productivity". That sounds good for the journalists who tomorrow will speak over the radio, or on television or in the papers. "Increased productivity". But, we do not even manage to sell the present stocks.

People feel the same way about it as that lady who wrote:

"Mr. Caouette, we are anxious to have a system that will allow us to go to bed at night without worrying about the following morning."

Mr. Speaker, that is the situation in which hundreds of thousands of Canadians live and, the government does not take it into account.

The Prime Minister said—with all that, I have only reached page 5—and I quote:

[*English*]

The responsibility of government to curb inflation is made the more difficult because financial and currency problems are often concerned with considerations which are more psychological than concrete in nature.

[*Translation*]

Is the situation of that lady from Bonaventure "psychological"? Is it psychological or is it real, concrete?

Mr. Speaker, some people are poor, not only in my riding, but also in yours, in short, from one end of Canada to the other. But we fail to see that poverty at home, we go elsewhere, all over the world looking for it. We fail to see the poverty on our doorstep. That is the inconsistency of a government which is a slave to a barbaric financial system. That is the situation in which we find ourselves. Mr. Speaker, the Prime Minister went on to say:

[*English*]

Productivity is of course an important determinant of prices and incomes. The only way to increase real incomes, with a given quantity of capital and labour, is to improve productivity. Increases of money incomes which run ahead of increases in real output are for the country as a whole self-defeating and illusory.

[Mr. Caouette.]

[*Translation*]

Nobody disputes that. However, Mr. Speaker, what has been the productivity of the financial system this year, that we should pay it a tribute of $1,406 million in interest only? What has the financial system produced to be able to obtain this year $1,406 million in interest on the national debt, while we lend to foreigners without interest?

The Minister of Finance (Mr. Sharp) says that when we grant loans to foreign countries, we are not lending them any money but providing them with credit. What is the difference between credit and money? Whenever the bank gives me a $25,000 credit, I write cheques just the same as if it were handing me $25,000 in pennies. When we hand them credit, what is it made of? It enables them to buy in Canada or in some other countries. Those countries will be using our credit to buy here in Canada and we are lending them without interest.

Mr. Speaker, the Prime Minister said further on, on page 8:

[*English*]

At the same time we are often criticized for cutting out or cutting down on some good and favourite project even though it is realized that in present circumstances some very desirable things will have to be postponed or scrapped or reduced in order to keep the finances of the country on an even keel.

[*Translation*]

Why did the Prime Minister not tell us that if there were to be a war tomorrow morning, this situation would no longer exist? The Prime Minister did not deal with that but had he done so, he would have said: This is an emergency situation. When war breaks out, they say: Hurry up, we need guns. Hurry up, war is breaking out. There will be billions of dollars to keep the country on an even keel. But in peace time, to build hospitals, schools, highways, to help the municipalities, the provinces—

[*English*]

Let us keep the country on an even keel, Mr. Speaker. "Everything has to be paid for eventually and the government does not have any magic way of raising money for this purpose."

[*Translation*]

The government has no magic way of collecting revenue or finding money, but it needs it. Why did the Prime Minister not tell

us who had this magic power of creating money and credit? Who controls money and credit, in Canada, if not the government? If the government does not have this magic power of finding the money necessary to run the country, to develop the economy, who then has this power? Who is the financial wizard magician who creates money and credit as he wishes in Canada?

The Prime Minister says here and this time it is serious:

[*English*]

The government has to spend the money it collects wisely and well.

[*Translation*]

It does so not very "wisely" but quite "well".

[*English*]

But that money can only be secured by taxing or borrowing.

[*Translation*]

Who makes that money, if the sovereign government of Canada is unable to do so?

The Prime Minister stated that the federal government had full responsibility for the financial, monetary and fiscal system of Canada, but that provinces and municipalities were spending more money than the federal government.

Mr. Speaker, if there are only two vehicles available to the government to find money: taxation or loans, who else has the means to make money without levying taxes or contracting loans? That is what we are asking the government and what we have been trying to explain to them for so long.

At this stage I should like to repeat, in parenthesis, what Right Hon. Mackenzie King said in 1935 during an election campaign that put an end to the administration of the Conservative government:

• (8:40 p.m.)

[*English*]

Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws—

[*Translation*]

Mr. Speaker, whether it be Bill No. C-193, C-207, C-210, C-392 or 1115—

[*English*]

—it matters not who makes the nation's laws. Usury, once in control, will wreck any nation.

[*Translation*]

This is precisely the situation in which the government finds itself at present: usury is in the process of gobbling up the savings of the Canadian people and the natural resources of our country in order to concentrate them in the hands of a group we call the Canadian bankers, who control money and credit in Canada. The Minister of Finance is afraid of saying so, but I am not. The chartered banks of Canada control the issuing of money and credit and when the Prime Minister says that the Bank of Canada is there in order to help us, I contend that the Bank of Canada is but a slave in the hands of the Canadian chartered banks. Such is the part played by the Bank of Canada today.

I shall go on with the statement made by Right Hon. Mackenzie King:

[*English*]

Until the control of the issue of currency and credit is restored to government, and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and democracy is idle and futile.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Caouette: That, Mr. Speaker, has been said 33 years ago.

Mr. Speaker: Order, please. I regret to interrupt the hon. member but his time has expired, unless he has the unanimous consent to continue.

Some hon. Members: Agreed.

Mr. Caouette: Mr. Speaker, I am very thankful to my colleagues—

Mr. Speaker: I regret to have to ask the hon. member to resume his seat, but some hon. members do not agree that he continue his remarks.

Mr. Asselin (Charlevoix): Mr. Speaker, we are not against it.

Mr. Speaker: No doubt the hon. member is not opposed to it, but I believe there are two other hon. members, the hon. member for Rosthern (Mr. Nasserden)—

Mr. Caouette: I would only need five minutes, Mr. Speaker.

Mr. Speaker: Is there unanimous consent to allow the hon. member to continue his remarks?

Some hon. Members: Agreed.

[*English*]

Mr. Speaker: Is there unanimous agreement?

Some hon. Members: Agreed.

[*Translation*]

Mr. Caouette: I thank my colleagues, Mr. Speaker.

I arouse a great deal of sympathy by quoting a former Canadian prime minister, namely Right Hon. Mackenzie King.

Nevertheless, I would have liked this afternoon that the present Prime Minister, before leaving the house, had had at least the courage to tell us what Mackenzie King was already saying 33 years ago, when he kept on urging us to act, to take action.

He should have admitted that the government is not sovereign in monetary and fiscal matters, that it follows the instructions given by the financial interests of Canada rather than prompted by the best interests of the people. The Prime Minister drew a parallel this afternoon between the expenditures of the provinces and municipalities and those of the federal government. The Minister of Finance, the government and members of the house are aware of it, the situation is just as alarming for the provinces and the school boards as it is for the federal government. Why? Because Ottawa does not assume its responsibilities in the monetary field.

I read on February 27 last, I think in the Catholic newspaper *Le Devoir* of Montreal... I am sorry, it was *Le Droit*, another Catholic newspaper; and I quote:

Hydro-Quebec pays $530,000 interest a day.

Hydro-Quebec only, not the province, Mr. Speaker.

Here is what the president of Hydro-Quebec said:

Hydro-Quebec has had to borrow $260,000,000 a year—

Borrow from whom, Mr. Speaker? Who has the power to lend, if governments do not have the power to create money? There are others who create this money. Money does not grow on trees, be they spruce, pine or birch trees! Is it made by men, somewhere? It does not come from heaven, as in the times of the Hebrews, who each morning gathered manna in the desert. Money does not grow in that way. It is created somewhere, but the minister will not say where. Nor will the Prime Minister!

[Mr. Speaker.]

I read on:

Hydro-Quebec has had to borrow $260,000,000 a year during the last four years "on a tighter and tighter market"—

The same market used by the Minister of Finance: Washington!

—Mr. Jean-Claude Lessard, president of Hydro-Quebec, said yesterday before the Canadian Club. He added that the cumulative debt forces us in 1968 to pay $560,000 interest each morning.

Half a million in interest only! I will tell you that soon, very very soon we shall be masters in our own house, in the province of Quebec! And at the federal level, I will tell you that many decades, many centuries of confederation will go by before we even begin to be masters in our own house!

And if to that amount are added the municipal, school and provincial taxes levied on our production, the amount of our direct expenses reaches $700,000 per day on which we have no control.

Mr. Grégoire: The federal government pays $4 million in interest alone.

Mr. Caouette: Mr. Speaker, is it known that the amount of $1,406 million in interest paid by the federal government this year represents $70 per capita in Canada? Is it known that a family made up of 5 members pays $350 in interest per year on the Canadian national debt in addition to the interests on the provincial debt and on the debts of the Quebec Hydro Commission? An amount of $70 per year. Legislation is easily passed to increase taxes and to make the Canadian people pay more.

Does the Minister of Finance not agree that the people have paid enough, that they are quite fed up with that burden, that legalized theft?

• (8:50 p.m.)

Mr. Speaker, this is what the chairman of the Hydro Commission says:

Those additional expenses exceed the amount that any other Canadian public utility undertaking has to pay.

Nevertheless, we must work with a view to the future.

Can one imagine such a statement. The more we give, the more we are bogged down, but never mind, let us head toward the future even if it means getting more and more bogged down. There is only one future in front of us, we shall sink more and more deeply as we get along. There can be no other future in a system like this. We are caught in it.

Our investment projects for the next five years will certainly exceed $1 billion and adding the repayment of loans which will become due,

we shall need approximately another $200 million before the end of 1972, said Mr. Lessard.

In order to obtain funds and carry out our program, we must, like private companies, meet the demands of the financial market and pay a higher interest rate each year, he said, and our last loan—

The loan raised by the province of Quebec or Hydro-Quebec carries a 7 per cent annual interest.

Mr. Speaker, this is where the chairman of the Hydro-Quebec Commission says:

In order to obtain funds ... we must, like private companies, meet the demands of the financial market and pay a higher interest rate each year, and our last loan, he said, at an actual rate of 7 per cent, raises a fond memory of the 3½ per cent rate that we paid a scant 10 years ago.

Mr. Speaker, why is the interest rate up to 7 per cent? Is it the province of Quebec or the federal government which has fixed that rate?

The present Minister of Finance, the right hon. Prime Minister and the government said at the time of the raise: Any further tax is to reinvigorate the Canadian economy. Now, a few months after the federal parliament passed these pieces of legislation, we are in a worse situation than six months ago.

Mr. Speaker, the president of the Hydro added:

The Quebec Hydro had first to prove that it could operate smoothly the whole electrical network.

The network was operating, but the system was not.

Today, it has been proved. Our present objective is different: we want to demonstrate that this huge enterprise can be administered with maximum efficiency—

That "efficiency" depends on the financial system.

Mr. Speaker, I do not intend to take up more of the time of the house.

In concluding my remarks, I would like to quote the figures which the right hon. Prime Minister used this afternoon, when he asked the Conservatives, the members of the New Democratic party, in fact all the opposition parties: What reductions would you have us make in government expenditures? Our projection for 1967-68 is $9,885,000,000, an increase of $3,315,000,000, or 50 per cent.

The right hon. Prime Minister said: "We are spending $1,800 million for national defence this year." That has been corroborated this afternoon by the hon. Minister of National Defence (Mr. Cadieux).

He said also: "Payments to individuals, especially in the field of social security such as the old age pension, $1.4 billion, family allowances, $630 million, unemployment insurance, $74 million, veterans' pensions, $324 million."

The Prime Minister asked: Would you like us to cut those pensions? No, indeed; everybody wants better pensions. We want to increase them.

Do we want cuts in the expenditures for national defence? Certainly! This would enable us to save $400 million and the government would not have to introduce the bill now before the house.

But the most remarkable thing, Mr. Speaker, is that the Prime Minister then quotes expenditures for joint programs and payments amounting to $1,892 million. There is also a total of $424 million for youth allowances, assistance to rural development, rural economy, manpower mobility.

Mr. Speaker, $1.75 billion are allocated for family allowances, old age pensions, allowances for the blind, the disabled, social assistance, hospital insurance, and so on. The Prime Minister asks you: What would you like us to cut in all that?

Mr. Speaker, our mistake is trying to adjust our physical possibilities to our monetary power or our financial obligations instead of adjusting our financial system to the true development possibilities of our country.

In fact, I noticed that the Prime Minister omitted one of the main expenditures, that is $1,406 million for the interest on our national debt. A sum of $1,406 million, more than the total paid in old age pensions in Canada. But the Prime Minister does not mention that fact. He does not ask us whether cutbacks are advisable in this regard. No, the matter is not mentioned or discussed at all.

But we are indeed asked: Should old age pensions be cut? Should defence expenditures be reduced? Should there be cutbacks with regard to manpower mobility? Should expenditures be decreased in a field such as economic development? But, on the other hand, we are not asked: Should expenditures be reduced for the servicing of the debt, that is, $1,406 million? The Prime Minister overlooks that point, but we do mention it. We have actually been making that suggestion to the government for a long time, even though the proposal has been termed ridiculous and we have been called hot-heads. It matters little.

• (9:00 p.m.)

Mr. Speaker, there is a solution at this time. We have said so here in the house six years ago. I also said it in 1946, because I was here from 1946 to 1949. The solution, Mr. Speaker, lies in the answer to this question: Given its resources, its people, its social classes, its engineers, its professionals, its miners, its farmers, its workers, its experts, its will, is Canada able to guarantee to every Canadian citizen economic security in personal liberty?

Are we able to guarantee to our older citizens a pension of $105 a month? Are we able, with our brains and brawn to develop the Quebec northwest, the north of Ontario or the northern regions of Canada where doubtless lie vast resources? That is the question that we must ask ourselves.

But this is not the question put by the hon. Minister of Finance, who simplifies everything and says: Do we have the money needed? Can we borrow or tax the people? Can the people bear a heavier tax burden?

Bill No. C-208 provides for new taxes. Even if we say that we are taxing corporations or companies, the companies will have to increase their prices, when we are trying to fight inflation. When prices get higher again, it will be the average Canadian who will once more foot the bill.

He is told: Instead of a 5 per cent surtax, we will impose a 3 per cent surtax, but we will also tax the corporations which, in turn, will increase their prices by 5 per cent perhaps, so that the average Canadian will have to pay 8 per cent more instead of 3 per cent, as mentioned in the bill. This is hypocrisy, this is dishonesty towards the Canadian people.

Mr. Speaker, I shall conclude on this note. If the government can find billions of dollars in order to kill, it is time they find some to provide a good life for the Canadian people.

If the government does not know where to get money, if it knows only taxes and loans, we suggest that it turn to the Bank of Canada, which belongs to the country and to the Canadian people. It should not order the Bank of Canada to create an unlimited amount of worthless dollars, but request it to maintain under any circumstances and the whole year long a perfect balance between productivity and purchasing power.

We know that if the purchasing power of the people were increased by a national dividend taken from the funds of the Bank of Canada, it would prevent new taxes and allow the people to buy the surplus accumulated in warehouses and wholesale stores, reinvigorate the Canadian economy and create secondary industries which would be assured of selling their production.

Then, Mr. Speaker, the Bank of Canada would be the servant of Canada, the Canadian people and the human being. It is in that direction that we are working here in and outside the house, and we will not be induced to pass bills to levy other taxes in order to solve a problem which will remain unsolved, because it has never been solved up to now.

We were confronted with the same problem during the last world war and the last economic depression from 1929 to 1939.

It is by applying the principles of Major Douglas and Social Credit that we will solve those financial and economic problems. The Minister of Finance should turn towards Social Credit instead of always looking in the same direction; he should consider the opportunities available in Canada and endeavour to satisfy the Canadian people by giving them maximum security and freedom.

[*English*]

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I have listened with interest to the hon. member for Villeneuve (Mr. Caouette) who has, as usual, done an excellent job in laying down the principles of Social Credit. I know that after this great speech it will never again slip his mind that any vote on a budgetary matter, be it at the resolution stage, on second reading, at the committee stage or on third reading, is a vote of confidence. We in the Social Credit party are aware that any vote which will come on this bill will be a vote of confidence. This fact has been established at least I trust until the next defeat of the government.

Although we support the changed resolution, we do so reluctantly, perhaps because we have had experience in taking second looks, as evidenced by the actions of Social Credit governments elsewhere. The measures now before us are not as distasteful as the original ones which brought about the defeat of the government. We know that the country is ready and prepared for the show to go ahead in the first week in April. It would not be regarded as exactly sporting to disturb that show now. The musicians have been warming up for a long time and the stage is set for everyone to go on the road full time, not just on week ends.

However, let us warn the government that it should remember, when this parliament is called back to finish the session, that our patience does wear thin, just as it wore thin regarding the original budget measure we helped to defeat some few weeks ago. We appreciate the need to save the dollar, be it United States or Canadian, as well as the Japanese yen and any other currency of the western world in which our economic system must place its trust if it is to carry on. We know also that the Minister of Finance came back last summer from Rio de Janeiro with the idea of removing gold as the measure of international money. This was an idea that would have done credit and still does credit to the original ideas of Social Credit. Since 1935 we have always insisted that our monetary system had a basic weakness and flaw so long as for its stability it is related in any way on a metal rather than on the credit of the people. This is being proved in a most remarkable way these days. The wisdom of the stand taken in 1935 shines through all of the dreary news reports of runs on gold. The sooner a system is worked out whereby the money of this country no longer relies on this metal and is no longer at the mercy of ruthless speculators placed strategically around the world, the better off the entire world will be.

One of the things we would least like to see is another devaluation of the Canadian dollar, with the resultant loss of confidence. The Conservative party has had considerable experience along this line and no doubt would be willing to try it again had it the opportunity to do so, I do not think in this time of international crisis we can afford the type of policy and experimentation that took place in 1962.

There is one lesson the government has to learn, and it should have learned this lesson before now. It does the government no good at all to adopt policies suggested by the N.D.P., at least it does no good in this house. There is no gratitude on the part of members of that party and there is no gain for the government. I listened a few days ago to the hon. member for Vancouver-Kingsway (Mrs. MacInnis) who a few months ago during an earlier speech described the necessity to set up a Department of Consumer and Corporate Affairs. In that speech she bit the hand that bled for her. As I listened to her the other day it struck me that she was committing a cruelty to animals; not to dumb animals, but surely to stupid animals. Surely it is stupid time after time to bring in legislation in line with the ideas either of that hon. lady or of the N.D.P. There were cries for many years in support of a department of consumer affairs, but when the legislation was produced the government received nothing but abuse from that party.

It was probably in light of the knowledge that the N.D.P. had for some years advocated a special status for the province of Quebec that the labour bill, C-186, was brought in. It received the same cruel and vicious treatment. I find myself in agreement with the N.D.P. that this was not a good bill, but to act on the expectation of support from that quarter was again a mistake.

Medicare was brought forward and pushed through, although almost all provinces opposed it. This was another project of the N.D.P. taken over by the Liberals in an attempt to find some ground for election campaigning that would appeal to the left. Finally we are now going to have a prices review board. This was a very special and pet project of the hon. member for Vancouver-Kingsway. No sooner was this legislation presented as a policy of this government than it was described as a toothless wonder.

I do not know why the Liberal government continues to bring forward these pet projects, only to have detraction take place instantaneously by those they are seeking to placate.

• (9:10 p.m.)

An hon. Member: There is no gratitude at all.

Mr. Johnston: As someone said, there is just no gratitude at all, and I would agree with that statement. I do not know whether the speech made this afternoon has satisfied the hon. member for Vancouver-Kingsway. It did not do much for the hon. member for York South (Mr. Lewis), as was made clear in his eloquent description of the speech. In a way, I agree with him that it was rather sad that the Prime Minister (Mr. Pearson) should have chosen this vehicle as perhaps his parting speech to the house.

I realize that it would be difficult at this time to find a subject which he could revive and bring to the house, because so many of the policies of the government have been shattered and lie as wrecks and ruins across the country. It would hardly do to talk about foreign policy at the present time, because there is not much credit to be found there. It would hardly do to talk about the commonwealth, because that hangs by a very slender

thread. It would not do to talk about the Company of Young Canadians, because that cherished dream has not got off the ground successfully, nor would it do to talk about a prices review board at this time as a parting message of hope and inspiration to the house. It certainly would not help at all to point to Great Britain as an example, a nation whose socialist government has brought that country to the lowest ebb it has ever known, and whose policies are succeeding only in providing our country and others in remoter parts of the world with a flow of immigrants.

An hon. Member: We need them.

Mr. Johnston: Yes, we do need them in British Columbia and we can use them there because that is a province that has balanced its budget for some time, and again this year has presented a balanced budget.

An hon. Member: What rot.

Mr. Johnston: That province has been able to carry on an expanded program without inflation, at the same time as we have seen the federal government incur ever increasing deficits, and finally, as a last resort, is striving so desperately to come up with a balanced budget.

Here we must congratulate the minister, in that his efforts have been at least in the right direction. I would not call them courageous, but at least they are persistent. While perhaps this quality cannot be said to shine, at least it has something to recommend it when it moves in the direction of balancing the budget. I would hope that this would be the hon. gentleman's last exercise in this function.

Mr. Howard: Don't go the way the other finance minister went—out.

An hon. Member: Will the hon. member tell us whether he will support the government?

Mr. Johnston: I have already said that. Some days ago I indicated that the international situation and a host of internal reasons made it imperative that we do not manufacture in this country an unnecessary or a completely phoney crisis. I still think that this policy, which we cannot take any pleasure or any joy in following, is at least the lesser of the evils that confront us at this time. But we would hope that if it should be the good fortune of the minister to present other budgets to this parliament, he would be able to present more realistic ones than some in the past have been, and that he will learn once and for all that the concept of the welfare state no longer strikes deep in the hearts of Canadians because they have come to realize, through their own experience and through watching Britain and the Scandinavian countries, that it involves a cost, and they are growing weary of paying the costs. There is no advantage to be gained along that line and much to be gained by a more courageous outlook, as well as much to be gained from introducing on the domestic scene a similar monetary policy to that for which the Minister of Finance strives on the international scene, one in which the creation of money will no longer be through the process of debt, and one which, if implemented by the nations of the world, has been described as similar to putting a paper tiger in the bank of the nations of the world.

In today's world we desperately need this kind of explosion of liquidity in order that we can increase the production of the world and in order that the two greatest nations of the world can cease to wage the experimental war in which they are engaged in Viet Nam, can cease diverting their productions to that war effort so that they can keep their economies fuelled, and through the cessation of that empty exercise can get down to the internal problems which face them both, and thus provide for the citizens of the world the fruits of that production which our technology has made possible.

Mr. A. D. Hales (Wellington South): Mr. Speaker, as has been pointed out by several members of the house, particularly on this side, the bill before us is certainly very inadequate for the job it is supposed to do. This afternoon the hon. member for Carleton (Mr. Bell) gave a very convincing, straightforward and analytical speech, one of the best that I have heard for a long time in this chamber. I think it must have made the government realize the error of its ways and the great predicament in which it finds itself. The government has taxed, borrowed, and got itself into trouble. It is boxed in. What a book Walter Gordon could write today about troubled Canada. What a book the present Minister of Finance could write under the heading "Nobody knows the troubles I've been in".

Why does the government find itself in this kind of trouble? It is because on our front benches, with the exception of one or two of its occupants, there is not one person who has learned how to meet a payroll. The cabinet is composed of people who have had training in

the academic field, a group of former civil servants who only had to prepare estimates, ask for money and it was given: Seek and ye shall find. And it was given unto them. This was the experience they had. Now they find themselves confronted with the difficult task of operating a government in a business-like way.

• (9:20 p.m.)

What sort of paradoxical, contradictory legislation has this group on the front benches produced? Today we heard the Prime Minister (Mr. Pearson) talking about a review board which has no teeth in it. He is going to set up a review board. What is our new Department of Consumer and Corporate Affairs supposed to do? It seems to me that one is contradicting the other. I remember two years ago we had the then minister of national health and welfare spending $700,000 to persuade people to stop smoking cigarettes or using tobacco. At the same time we had the then minister of agriculture promoting the growing of tobacco by giving subsidies. We had the then minister of finance putting a tax on motorcars coming into Canada with a value of more than $5,000, while his brother in law, the Minister of Industry (Mr. Drury) was developing a plan to bring them in duty free.

Not too long ago we had a minister of labour, then responsible for housing, trying to get the interest rate down, and we had a minister of finance, responsible for interest rates going up and up. We have had the minister of manpower stepping up the immigration program, yet the minister responsible for housing could not even find houses to take care of the citizens we have in the country today. We cannot even find jobs for all Canadians, yet we have a minister stepping up the rate of immigration. This is the sort of operation we have had from this group on the treasury benches.

This afternoon the hon. member for York South (Mr. Lewis) asked—and I have heard this from the Liberal benches, as well: What programs do you Conservatives want to cut out? When you talk about saving money, what a lot of political clap-trap that is. This was only said for political purposes. He had the audacity to suggest we were saying we would cut out old age pensions or hospitalization or unemployment assistance and the like. Certainly not; we are not going to cut out these programs. After all, who did more for the old age pensioners than this party that I represent? No other party has done more for them. Well do I remember the six buck boys across the way, the time they raised the old age pension by $6.

Certainly, we do not want to cut down on these programs. We want these programs, and we want other services, but we want them operated on a businesslike basis. We want to cut out the waste and extravagance. We do not want the sort of thing that was brought to our attention just lately in the setting up of the new Department of Consumer and Corporate Affairs. It has not even got off the ground. What has it cost? According to the estimates for 1967-68, supplementaries included, it cost $7.75 million to set up the new department, and it has not even taken wing. This department will not be consulted because we are going to have a review board instead.

According to the estimates for 1968-69 the same department will cost $8.75 million, up another million for this coming year. What do we hear about this department? We hear they have wall to wall broadloom rugs in their offices and lavish furnishings throughout. We hear they have a man with nothing more to do than take a pair of scissors and clip newspapers, yet they pay him $7,000 or $8,000 a year. This is the sort of thing of which we do not approve. Hon. members opposite do not approve of it themselves, yet they allow it to continue.

What about the Department of Industry which was set up in 1963-64? We spoke against the establishment of this department and said that the Department of Trade and Commerce, with a new section headed by a deputy minister, could do everything this Department of Industry would attempt to do. That department began to function in 1963-64 with a staff of 274 and a budget of $25 million. Let us take a look at it now. During 1967-68 there were 783 people employed, an increase of 509, and the budget was $171 million. In 1968-69, according to the blue book we have in front of us now, and this does not include what is found in the supplementary estimates, the staff numbered 1,025 and expenditures amounted to $161 million. This figure would be higher, of course, if the supplementaries were included. This is the type of thing we have been talking about on this side. This is what we want to see stopped.

What about travel and removal expenses for federal departments? Let us take a look at these. In 1966-67, all departments spent $76,706,000, in round figures. The following year,

1967-68, they spent $100,896 million, an increase of $24 million in one year for travel and removal of public civil servants. Now, we come to this year, when the President of the Treasury Board (Mr. Benson) said, "I am going to cut these budgets; we are going to take a sharp knife and cut them down". If we look at travel and removal expenses for this coming year in the blue book we find they total $108,089,000, an increase of $7 million.

Now, I ask you, Mr. Speaker, in a short period of two years, why should travel and removal expenses have gone up $31 million? It is disgraceful. We have government employees flitting all over this country. Two will arrive in a place where one would do. We will have half a dozen over here where one would have been sufficient. There is no co-ordination whatever in so far as travel expenses are concerned. If you want to go on a trip, put in a requisition and the government will send you wherever you want to go. I don't know whether they travel first class or second class, but I dare say many of them travel first class. This is the sort of waste and extravagance we have been talking about for many years. One could go through all the departments. I am sorry, I cannot accommodate the Minister of Agriculture (Mr. Greene), but I could if I took the time to look up his estimates.

Mr. Greene: We are very frugal.

Mr. Hales: Travel expenses for the Department of National Health and Welfare increased by $830,000 in order to have people flitting around the country. The Department of Transport expenses increased by $965,000 to have people skipping here and there. The Department of National Defence takes the prize. They had an increase of $9,439,000 in one year. I ask you, what control is exercised? The President of the Treasury Board talks about wonderful control. I have yet to see it.

The hon. Member for Calgary North (Mr. Harkness) now advises me, travel expenses for the Department of Agriculture were up 30 per cent this year over last year.

Now, what about the C.B.C. about which so much has been said from this side of the house? I do not propose to take too long on this, but I should draw attention to some of the pensions given by that department. We all recall when the pension of the former governor of the Bank of Canada was increased from about $11,800 to $25,000 a year on the eve of the expiry of his term of office. This increase was never submitted to cabinet for approval.

• (9:30 p.m.)

Hon. members opposite have not learned their lesson as to the control of these things, Mr. Speaker, because this sort of thing is still going on without cabinet approval. an ex vice president of the C.B.C. by the name of Briggs was promoted, almost on the eve of his retirement, to a post at $15,000 a year. Later his salary was increased by a mere 67 per cent to $25,000. Then came his retirement almost at once. Not only did he depart with a pension comparable to that paid a prime minister of Canada, but in addition the C.B.C. granted him a gratuity of one year's pay, namely $25,000. Certainly that was beyond the terms of the employment contract he held.

One of the purposes of the report of the Auditor General is to see that the taxpayer's money is not spent for a purpose or in a manner that has not been authorized by parliament. The Auditor General in his recent report devotes the longest section of his review of crown corporations to the C.B.C., during which he discloses the facts of the Briggs case and establishes that it was not within the competency of the directors of that corporation to take this action, and that the payment of this retirement allowance was not within the provisions of the Broadcasting Act. So it appears, Mr. Speaker, that the corporation had no authority to make this payment.

What is the government doing about this sort of thing, Mr. Speaker? What steps is it taking, in face of an attitude in the C.B.C. that spawns this sort of thing? What steps is the government taking to protect the $154,-200,000 which the taxpayers must give the C.B.C. this year to discharge its responsibility for broadcasting? The C.B.C. have also made arrangements to supplement the pension plan for the vice president and 12 other executives of the C.B.C. A retirement pension has been arranged for these people, without the usual contribution of 2 per cent that applies in other corporations.

The C.B.C. has inflated itself, Mr. Speaker, into a self-governing empire beyond the control of parliament, and the government has done nothing to stop it. Well, I will take part of that back; the Secretary of State (Miss LaMarsh) did say that the management was rotten, and I think she knew what she was

talking about. She must have known that these things were going on.

On August 17, 1967, nearly one year ago, the President of the Treasury Board (Mr. Benson) issued a circular to all departments of government suggesting that departments set up an accounts receivable section within their financial administration. Under such a system they would add to an audited figure the sales or charges of the department and subtract from the total all of the payments received. The final figure should balance with the control figure. In other words, the money coming in and going out of each department is controlled. To date, Mr. Speaker, several departments of government have still not implemented this businesslike system, even though they were asked to do so two years ago. What control can government have over funds unless there is an accounts receivable control figure?

I should also like to make one or two observations about the inadequate accounting and financial control procedures at Fort Smith in the Northwest Territories. At page 38 of his 1967 report the Auditor General says:

1. Internal control over cash receipts was still lacking—

2. Departmental billings were still being released without review—

—outstanding accounts amounting to over $25,000 were left with the Fort Smith office for collection. It was not evident that any follow-up action has since been taken on these accounts or that payments have been received with respect to them.

So there is no record taken of receipts, and so on.

Then in paragraph 81, under the heading "Inadequate accounting and financial control procedures, Indian agencies" we read the following:

1. Unsatisfactory cash handling procedures—

2. Lack of proper internal control—

3. Unsatisfactory accounts receivable procedures—

4. Unsatisfactory stores and equipment control procedures—

According to this paragraph stocktaking had been carried out in an irregular manner. Imagine running a business in such a way, Mr. Speaker. To continue:

5. Inadequate payroll records and procedures—

It appears that time records had been destroyed prematurely and in consequence the payroll records could not be verified. I place these matters before the house, Mr. Speaker, because all taxpayers would like to see things done in a businesslike way.

I do not want to go into detail on this next matter, Mr. Speaker, but I think it is suffice to say that the members of this house will recall some of the questions I asked in connection with the importation by Studebaker of Volkswagen motorcars. This situation arose because there were certain export credits outstanding to Studebaker permitting them to import cars duty free. Studebaker were in the process of going out of the automobile business in Canada and did not want to lose these credits, because they were worth money. They therefore entered into a deal with Volkswagen to bring in cars duty free, sell them to Volkswagen and keep the duty amounting to $2¼ million.

The minister of national revenue of that day rose in this house and told us that he was waiting for a ruling on the matter from the Department of Justice. We heard no more until the report published by the Auditor General, from which we now learn that the Department of Justice had stated that Volkswagen was the importer of the cars, not Studebaker, and that $2¼ million duty was owing to the crown. However, the whole thing was wiped out by order in council No. 1621 of August 23, 1967. That $2¼ million rightfully belonged to each and every taxpayer of this country, yet the amount was written off and the slate wiped clean. We are also told that apparently another motor car company owes us a considerable sum of money.

• (9:40 p.m.)

The Auditor General mentioned the figure of $30 million and the situation was brought about in this way. As hon. members realize, imports that are allowed into the country duty free bear a proportionate relationship to exports. If a manufacturer's exports are not sufficient to offset his imports, then this portion of his imports becomes taxable. I understand that the Department of National Revenue is not keeping up to date accounts of the transactions. The department is waiting for automobile manufacturers to report their exports, and apparently it has taken the manufacturers over 18 months to report.

Why does the department not adopt the concept that comes into play when others become involved with customs? If we import something and we feel we ought not to pay the duty on an item, we nevertheless pay the duty, and then fill out a form, make our claim, and have the duty remitted to us. Why cannot the department do that with the motorcar manufacturers? In other words,

why can it not charge them duty on the goods they import and then, when the manufacturers produce their export figures, remit that duty. Why does the department not send them a bill every six months, to show them where they stand? Yet, according to the report, 18 months has gone by and not one cent has been paid. We do not know how much the manufacturers owe. What kind of bookkeeping is this? The debt is not listed even as an account receivable. Can you imagine the income tax man coming to your place of business, looking into your books, when, at the same time you have in your pocket $30 million in accounts receivable which are not even recorded in the ledger? You can imagine what would happen to you.

Mr. Monteith: Never mind $30 million: What about 30 cents?

Mr. Hales: That is what is happening. We expect this government to correct these things.

Some hon. Members: Hear, hear.

Mr. Hales: Let us look at further examples of a smaller nature. The amounts involved are not large, but it is the principle that we are concerned about. Take the Department of Manpower. They bought 5000 calendars and distributed them to industries at a cost of $2,500. Tenders for those calendars were not even called. What business has the government in the advertising field? Anyone who wants to hire help knows where to go. An employer does not need a calendar on his desk to remind him about Department of Manpower centres. Moreover the calendar frames were made in the United States; only the small, printed, relatively unimportant parts were made in Canada. Why does the government do such things?

Next we come to area development grants. I am one who believes in loans. When a person gets a loan he has some responsibility to repay an investment; he will work to pay back his loan. But when a person gets a outright grant he may not worry too much about making that grant pay its way. Accordingly the man who has a loan outstanding is more likely to pay some attention to using wisely the money he has borrowed.

Last fall I put a question on the order paper about the R.C.A. television tube factory at Midland, which was then a designated area. This firm built a $24 million plant there, and received a $5 million grant from the government. Yes, $5 million; and at that time I dare say the R.C.A. company did not need the money as much as the federal government needed it. That grant could stand a lot of scrutiny and warrants considerable questioning.

I have not time to go into all the examples I could cite. To return to the bill: I say that it is compounded of a number of half hearted and inappropriate provisions. It hopes to rectify a grave situation which has been created by years of reckless government extravagance. But you cannot solve our problems this way. Instead of seeking to raise more money from the earnings of ordinary Canadians, the minister would do better to persuade his colleagues to cut their spending. I could give many more examples. Now the minister has been driven to panic measures. He wants to freeze the public service, to soak the taxpayers and to squeeze the business community, all last minute, last ditch expedients. That may bring temporary relief for the minister's problems, but it cannot alter the effects of years of mismanagement, as was so well said this afternoon by the hon. member for Carleton.

The truth is that this government has spent itself into a corner; there are no two ways about it. For five years they have spent at an unprecedented rate, and figures have been quoted to prove it. The government has ignored the sound economic advice of those whose job it is to provide it. Like the prodigal son, the government has squandered its substance in riotous living. But there will be no fatted calf for them; they will not be returning here as a government. You see, the prodigal son spent his own money, but the money this government squandered over the years belonged not to them but to the Canadian people. It was money held in trust and the government has dishonoured that trust. Why have they disregarded all the good suggestions which were given to them?

Had the government listened to the sound advice that has come from various sources I conclude that it could have saved money which it needlessly spent. Not only would the government have more revenue at its disposal, but we, in this country, would be spared the uneasiness we now feel about our economy.

In desperation and panic the government has frozen the civil service. This is neither fair nor efficient, and is unlikely to be effective. Why did the government not try to

accomplish something that would be effective without impairing the morale or efficiency of the public service? Why did they not do that by regulating costs and the intake of personnel over the past few years, instead of by suddenly freezing everything when it was too late to do so?

Administrative overhead costs have risen steadily in all departments and agencies. When the Glassco commission finished its work in 1963, administrative costs approximated $1 billion a year. Those costs for the year ending March 31, 1968, have now jumped to $1.6 billion, an increase of about 60 per cent over the last five years. The Prime Minister in his speech this afternoon blamed increased expenditures on the provinces and municipalities. I say to him, children who live in glass houses should not throw stones. I also say to him, sweep off your own doorstep before you pass the buck to others.

No wonder the minister comes here seeking additional tax fodder to feed the insatiable money burner that this government is. Now we find that personnel in government departments and agencies have increased by 40,000 in the last five years. The minister and his colleagues have made a great parade of cutting expenditures, but it is an empty gesture. It was obvious that no real savings could be expected from the pruning of departmental budgets which had not been finalized. It is as though a man's wife came home and said "I have saved you $500". And when asked how she had accomplished this, explained, "I looked at a fur coat which would have cost $500 but I did not buy it." It is as simple as that. That is what the government tried to tell us on December 7 when they said they were saving money. Why did not the minister take a close look at a lot of these estimates and cut out these expenditures which can be labelled as wasteful and extravagant?

• (9:50 p.m.)

The Department of External Affairs never ranked as one of the big departments, but its budget has jumped more than $1,500,000 in the last five years. What about our embassies overseas? Has no control been placed over their expenditures? The budget of the Department of Agriculture has risen $118 million.

The biggest surprise, judging by the nature of its work and the modesty of its achievements, has been provided by the Department of Manpower and Immigration. Its annual budget has leaped from about $179 million five years ago to a staggering $403 million, an increase of $224 million in five years, or just about 127 per cent. It is true some savings have been made, but they were marginal savings at the expense of services to the taxpayer, not on such items as staff, travelling expenses, telephone calls, office rent and so on. Public works, transportation and defence services have all been pared. Indian and Eskimo peoples will have to make do with an even lower standard of medical and welfare assistance than in the past.

If the twins of finance and revenue had used a sharper paring knife the bill now before us would have been unnecessary. Recently the Minister of Finance said a great deal about the critical situation in which this country suddenly finds itself, leaving the impression that it is all due to outside influences beyond our control, and that he and his fellow ministers are waging an heroic battle to save Canada. He solemnly tells us it is the patriotic duty of all Canadians to refrain from criticism and do what he asks them to do.

Mr. Speaker, for the past five years the opposition has been pointing out to the government that its inability to control expenditures was running the country into trouble. We have tried to indicate long-range policies and demonstrate the need for better control in the economic sphere. The government's advisers have told them the same things. But hon. gentlemen opposite ignored their advisers as they ignored the opposition. Now they have landed in the economic soup as a result of their own floundering efforts, and they come crying to the people to help them out.

In conclusion I would simply say that the illustrations I have given are not all new. They have been given by others over a considerable period. What I have stated has been said by every reputable financial writer and newspaperman in Canada for the past year or more. People have lost confidence in this government. Today there is an outflow of millions of dollars on the part of Canadians who are selling Canadian securities and purchasing United States securities. This is shocking, but it has been going on for some time. People are doing this because they say they lose their money through inflation in the United States only half as fast as they are currently losing it in Canada, and there are some other advantages.

Proceedings on Adjournment Motion

The Minister of Agriculture (Mr. Greene), addressing an FAO conference in Rome, had this to say with reference to Canadian taxpayers:

If they lose faith in the efficiency of our endeavours, if they come to believe that their taxes are but adding to the bureaucracy or to the pile of papers in some murky vault, they will lose the will to participate.

These are true words and I commend the hon. gentleman for saying them. I wish he had been able to persuade his fellow members in the cabinet to take them to heart. I have not lost faith in Canada or lost my confidence in this great country, far from it. But I along with millions of other Canadians have lost confidence in this government and I propose to vote against this bill.

Mr. Ed. Schreyer (Springfield): While hon. members are still pondering the peroration of the hon. member for Wellington South (Mr. Hales), may I call it ten o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

NATIONAL DEFENCE—POSSIBLE WITHDRAWAL OF CANADIAN FORCES FROM NORAD AS MEASURE OF ECONOMY

Mrs. Grace MacInnis (Vancouver-Kingsway): The other day I asked the Secretary of State for External Affairs a question which is being asked increasingly often by the people of Canada, and it was this:

As an aid to curtailing unnecessary spending and saving the Canadian taxpayers millions of dollars, will the government consider withdrawing Canada's participation in NORAD?

The other day I got no answer. Yesterday, my colleague the hon. member for Greenwood (Mr. Brewin) asked a question on the same subject in an effort to get the Prime Minister (Mr. Pearson) to guarantee that parliament would have an opportunity to discuss the NORAD agreement before it comes up for renewal on May 12, so that the Canadian people may know what they are being committed to.

The Prime Minister replied in these words:

No, Mr. Speaker, I cannot give that assurance. The government will have to take its responsibilities and then submit its decision to the house as is normally done in connection with these matters.

[Mr. Hales.]

I do not know whether this is normal or not, but I believe the people of Canada ought to be given an opportunity to discuss the NORAD agreement in all its aspects before they are committed to what will be an inexorable ten-year contract with the United States. The agreement comes up only once every ten years.

• (10:00 p.m.)

There is no doubt that when the new NORAD agreement is submitted to Canada it will contain some far reaching changes. The Canadian people are very worried at the prospect of the government signing the new NORAD agreement before we have an opportunity of knowing what its new provisions will be, and what Canada will be committed to for the next ten years.

For some years now the New Democratic party, of which I am a member, has believed and has urged that Canada should withdraw from NORAD. I shall briefly give our reasons for urging this. First we consider that NORAD is a worthless defence against a threat that never came off, the threat in the minds of United States military commanders that the U.S.S.R. would build up huge bomber fleets to use against this continent. In this context NORAD today is a museum piece along with the Maginot line. Neither has provided any security because they were not designed to meet developments that actually took place.

Second, we want to withdraw from NORAD because every year NORAD is a waste of $130 million of the taxpayers' hard earned money. At a time when the government is scraping every little bit it can from small taxpayers, it would be a big relief to the taxpayers of this country to save $130 million a year on something which is an expensive and worthless activity.

Third, we want to withdraw from NORAD because the money we could save by so doing we could use for many useful and necessary things in Canada, such as housing, medicare, and pensions, to mention only three. By providing money for these things we would do a great deal for the internal security and well-being of the country when, as I say, NORAD in its present form has been proven obsolete.

Fourth, if we stay in NORAD we shall be drawn closer and closer into the net of United States plans for continental defence, involving huge expenditures on new interceptor aircraft and other military hardware, of which we

know very little and of which we will know nothing more until the government has signed, sealed and delivered the new agreement which will commit us for another ten year period. We believe that this sort of things is far too dangerous for Canada. It means that we are choosing Canada as the battlefield for a nuclear war between powerful super powers, and I don't mean just the United States and the U.S.S.R. because there will be other super powers within the next ten years. I think that would be a very strange form of protection for the people of our country.

In the fifth place, if we mean what we say, Canada should throw her support not behind a regional alliance such as NORAD but behind the United Nations. We should work more forcefully than ever for a United Nations peace keeping force free from domination by powerful super powers.

How can we tell the people of the other countries of the world that we are free from entangling alliances, from set points of view, and from imperialism of all kinds if we are tied up tight to the Pentagon? Having seen what is going on over in Asia, and in Viet Nam in particular during the last few years, I think we should be taking this heaven-sent chance provided by the renewal of the NORAD agreement to get out of that entanglement. The United States has got deeper and deeper into that situation over in Asia, and I do not think we should allow Canada to be dragged into the morass that is the war in Viet Nam.

I urge that the Canadian people be given a chance through parliament to debate this treaty before it is signed on May 12, and I believe that those Canadian people, through the Canadian parliament, should decide at this time to withdraw altogether from NORAD.

Mr. Gérard Pelletier (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, as the Secretary of State for External Affairs indicated in his statement to the standing committee on external affairs last Thursday, the government considers that there is a continuing threat to North America from manned bombers which it would be irresponsible for it to ignore. For this reason the government believes we should co-operate with the United States in the defence of the continent as we have done in one way or another since the beginning of the second world war. If co-operation between the air defence forces of Canada and the United States against the continuing bomber threat is to be effective it is necessary to have a single air defence plan and an integrated command and control system. This requirement has been satifactorily met by NORAD for the past ten years.

The government is now in the process of negotiation and consideration of the existing agreement which expires in May. The financial burden of maintaining the NORAD command structure is borne substantially by the United States. The cost to Canada for defence against bombers arises largely out of Canada's contribution of forces and equipment to this joint task. These costs would thus be incurred regardless of whether or not NORAD existed, unless we permitted the United States to assume controlling responsibility for the defence of Canada against bombers and, indeed, for the surveillance of Canadian air space. Such a surrender of sovereignty the government is not prepared to contemplate.

EXTERNAL AFFAIRS—NIGERIA—CANADIAN EFFORTS TO END CIVIL WAR

Mr. Heath Macquarrie (Queens): Mr. Speaker, yesterday, as I have done on several occasions in recent months, I asked a question about the Canadian attitude toward and participation in efforts to bring about a cessation of the war in Nigeria which has gone on for many months, a war which is called the forgotten war and one which arrests little interest and receives little space in the newspapers. This is a profound and appalling tragedy, marked as wars always are with hatred, destruction and death. I should like to see more interest and more initiative taken by this country, which has contributed so much to the development of the modern commonwealth of autonomous states. We should not wait until the explosion becomes more devastating and the dangers more threatening; nor should we wait until great power competition—and it is there as in other wars —escalates explosively.

In Canada, unfortunately, we have little thoughtful journalism devoted to an in-depth coverage of international affairs. Only the sensational ever gains attention. It would be revealing if one could enumerate the small number of dispatches emanating from or dealing with Nigeria in the months since the war began. So it is parliament which must show the initiative in this terribly important matter.

On February 9, in answer to a question of mine the Prime Minister indicated that he thought this would be a subject he would

discuss with the British Prime Minister. After the visit it became clear that this question was not discussed. If our belief in the commonwealth is to be more than tokenism, surely it is incumbent upon us to concern ourselves with, and exert with other commonwealth states a powerful pressure for peace in this strife torn part of the world.

We do not have to assess blame; it would be unlikely that all wrong is one side and all good is on the other. But if we circumscribe and inhibit all our actions and responses by the declaration that we recognize only Nigeria and refuse even to hear the voice of Biafra, we are in fact being neutral on one side in this terrible conflict.

The United Kingdom has certainly been neutral on one side. It is providing arms to Lagos, a practice which Lord Goodman in a House of Lords debate recently described as "wholly inappropriate, wholly shameful and wholly wrong", and I agree with him wholly. This is scarcely a helpful attitude on the part of the senior member of the commonwealth. The government in providing arms to Lagos has joined company with the Soviet union. Surely if there is any vitality in the commonwealth there should be joint action in the first instance to put a stop to this arms flow.

• (10:10 p.m.)

Out of Biafra there are trickling horrible stories of atrocities approaching the range of genocide. As the Archbishop of Canterbury said in the debate to which I have referred, "Biafra people have suffered the most terrible violence". There are serious estimates from thoughtful people of massacres of as many as 30,000 men, women and children in the eastern provinces of Nigeria. As one well known African expert has said, surely before long Biafra will end up being half cemetery and half concentration camp.

With such dreadful statistics coming out, should not one of the first orders of the day be the dispatch of a fact finding commission to get to the bottom of the situation. Surely Canada will do its part in this regard. After that might come a more important exercise. If a cessation of hostilities could be obtained, and it must, there could be a dispatch of a peace keeping force. This would have to be agreeable to both sides, but what a challenge this would be to the commonwealth states; if men from the far flung members of this unique and interesting association of nations could go to that troubled area and maintain the peace in that country, which brought such great hopes to all believers in the commonwealth and all people interested in Africa just a few years ago. I would like to see Canada take the lead in this regard and turn our proclamations of affection for the commonwealth into concrete action to restore peace and to bring about a settlement in that area, so events could move to that kind of climax, just as in some of those other dreadful situations in other areas about which we have been belatedly concerned. This is the sort of thing I feel we should reach out for, before events drag us in. Surely farsightedness is a part of statesmanship, and surely our position in the commonwealth requires statesmanship of this order.

Mr. Gerard Pelletier (Parliamentary Secretary to Secretary of State for External Affairs): Here, Mr. Speaker, is an outline of the efforts of the Canadian government to bring about a peaceful settlement in Nigeria. I should first of all express, as we have expressed before, the government's deep concern at the tragic events taking place in this fellow commonwealth country which has the largest population of any country in Africa and potentially one of the brightest futures of any of the new nations. Canada's close association with Nigeria since its independence has been a source of great satisfaction to us; our commonwealth ties are strong and we have been able to provide capital and technical assistance to the Nigerian people as a concrete expression of our friendship and our desire to see the country develop further as a strong and responsible member of the community of nations.

The civil turmoil which has been taking place in Nigeria since the middle of last year has, as I said, been a matter of concern to us, and we have felt called upon to give expression to that concern as well as our genuine willingness to be of what assistance we can in helping the Nigerians to find means of solving Nigeria's problems. Other countries and organizations including the organization of African unity, have voiced similar concern. The Nigerian federal military government has made it clear that it considers Nigeria's problems to be of an internal character, to be resolved by Nigerians themselves without outside interference. We naturally respect this position as well as Nigeria's status as a fully independent nation, but we have taken every occasion to impress on the Nigerian federal leaders our concern with the situation in their country, and our hope that it will be possible

to reach a negotiated settlement of Nigeria's problems. These views were expressed by the Prime Minister and the Secretary of State for External Affairs during the centennial visit to Canada last October of Admiral Wey, who represented the the federal military government, and the visit in December of the Nigerian commissioner for external affairs, Dr. Arikpo.

The eastern region of Nigeria has declared itself in secession from the rest of the country and has used military and other means within its control to try to enforce this declaration. Neither the Canadian government nor any other government has recognized this secessionist régime, and we have relations only with the central authorities of the federal government at Lagos. None the less, when we express our hope, publicly and to the government at Lagos, that a negotiated settlement may be found, we mean particularly that means may be found to resolve the differences between the federal authorities and the eastern Nigerians who have declared themselves to be in secession.

It has seemed to the government that while other organizations might be able to afford assistance to the Nigerians in their search for a settlement, the commonwealth through its secretary general is at present the best placed to provide help when needed. Mr. Arnold Smith has undertaken consultations in pursuit of this aim, and has had lengthy discussions with Nigerian leaders. The Canadian government fully supports the efforts of the secretary general—

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

COMMUNICATIONS—INQUIRY AS TO RESERVATION OF SATELLITE SPACE

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I will only keep hon. members in orbit for a short while this evening. This is not meant to refer to the eloquent plea of the hon. member for Queens (Mr. Macquarrie) on behalf of commonwealth action in Africa, to which I heartily subscribe, but it refers to the question I ventured this afternoon about the space program of this country.

My question was prompted by a number of press reports today, particularly in Montreal and Toronto papers, of a meeting of the Canadian Aeronautics and Space Institute which was held in Montreal. It was attended by experts from universities, industry and government. Please note that civil servants were present. It was stated quite frankly that this meeting was held to get federal authorities to act quickly in establishing a space agency. It was also stated that the purpose of the meeting was to complain about the absence of a national space agency for Canada.

Some history is necessary to explain my point. I should like to refer to the statement which was made in the so-called Chapman committee report of February 1967 which said:

> The need for use by Canada of communications satellites for domestic communications is clearly established, and there is a risk that ultimate control over the specification, supply, and operation of the space segment of a communications satellite system may not reside in Canada.

Perhaps the record should contain some of the references because this will be a continuing matter. The first reference, with which I have had some connection after the estimates of last year, was a question which was asked of the Minister of Transport (Mr. Hellyer) on November 17 about the meeting he had in the United States on the matter of a space program and satellite operation. The minister did not say there was direct discussion on this subject but he offered some hope when he said this whole matter was presently under discussion by the government and decisions will be announced in the not too distant future.

• (10:20 p.m.)

On December 14, 1967, I asked another question pointing out the implications of his space and satellite matter in connection with the Bell Telephone bill. At that time the minister said, as reported on page 5411 of *Hansard:*

> If it were felt essential this matter could be given consideration, because the government has made considerable progress in its plans in respect of commercial satellites.

He went on to say that it might be possible for the committee to look into it. Well, we passed the Bell Telephone bill and the matter was not discussed. We are at the time when the civil servants have presented their study. Last January, two consortiums were formed, one being the so-called Soble consortium, which has made its request. We have a new one now that is called the Canadian communications satellite system, which includes the trans-Canada telephone system and C.N.-C.P. Telecommunications. A report has

already come forward and the minister has had his meetings in the United States. The deputy minister has told the broadcasting committee that some first steps have been taken, but we still have not received any definite word or a progress report.

I feel very sincerely, Mr. Speaker, that Canada must have its own space program, and I of course include satellites in this. I think that is in the national interest. It is important, even necessary, to co-operate in some aspects of this program with the United States and even with Russia. However, we must go forward and have this program in the interests of this great nation where geography problems are so tremendous. It will help our defence and many of our industries. One can think of television and other aspects of the communications field that will be affected. It is a broad subject and I will not get into it tonight. I merely ask now the question that I felt was not completely answered this afternoon: What progress report can the government give in this regard? At the same time, I urge the government to get moving, because we are losing our place in this very important international field, as was pointed out at this meeting yesterday which was reported in the newspapers this morning.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): I want to say at the outset that it is not the impression of the government of Canada that we are losing our position in respect of space and satellite development. I am not so sure the Department of Transport should be responsible for answering this question, but in the limited time available this afternoon I was asked to prepare a statement in reply.

There is no international law in existence at the moment that would provide for any country in the world making a reservation on space for the installation of a communications satellite. This is the first one. A country wishing to make use of available space may, however, notify the International Telecommunications Union, known as I.T.U., at Geneva. They would notify this organization of the intention to launch a space satellite. The organization is simply a means of providing information to interested launchers and offers no protection whatever of a place in space.

A further development in this field was the adaptation of the International Satellite Organization known as Intal-Sat. The operation of this body is financed pro rata by its members. If a member state determines to put a satellite into orbit, an application is made to Intal-Sat, seeking its co-operation. Usually commercial satellites, a concept that is an arm of the United States Space Organization, at the request of Intal-Sat undertakes the launch. A domestic satellite for Canada would be required to occupy one or more of the eight planned positions obtainable for the northern half of the western hemisphere, including such countries of course as Brazil, Mexico and the United States.

Informal conversations with the United States have already taken place respecting Canada's plans to launch a satellite which would bring live television into the farthest reaches of Canada and improve both radio and telephone communication. However, though the plans are being actively pursued they have not reached the stage where it would be desirable either to notify I.T.U. officially of our future intentions or to make application to Intal-Sat for launching privileges.

I can assure the hon. member for Saint John-Albert that things are moving rapidly in that direction with the usual alacrity displayed by this government. I can understand the hon. member's concern about communications when I think of the many hours that both he and I spent in a bus unable to communicate with the outside world to determine that very interesting things were taking place in parliament.

Motion agreed to and the house adjourned at 10.28 p.m.

HOUSE OF COMMONS

Wednesday, March 13, 1968

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Fourth report of special committee on procedure—Mr. MacEachen.

Second report of standing committee on health and welfare—Mr. Harley.

Twelfth report of standing committee on transport and communications—Mr. Lessard.

[*Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

[*Translation*]

EXTERNAL AFFAIRS

TABLING OF AGREEMENTS ENTERED INTO BY CANADA

Mr. Gérard Pelletier (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, with leave, I should like to table the English and French texts of a number of agreements recently entered into by the government.

[*English*]

Mr. Speaker: Has the hon. member leave to table these documents?

Some hon. Members: Agreed.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CONSIDERATION OF CONSTITUTIONAL COURT

Question No. 874—**Mr. Caouette:**

1. Does the government intend to consider with the provinces the possibility of setting up a constitutional court?

2. During the last three years, did the government receive from the provinces or other bodies reports, memoranda or other documents requesting the setting up of such a court and, if so, from whom?

3. Is the federal research team on constitutional problems studying this matter?

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): 1. As a result of the recent constitutional conference, this possibility will be considered during the continuing constitutional discussions with the provinces.

2. No.

3. The establishment of a constitutional court is being studied at the present time.

[*English*]

LEGISLATION REVISION COMMISSION

Question No. 876—**Mr. Caouette:**

1. What steps were taken by the Canadian Legislation Revision Commission to improve the French version of Statutes?

2. When will the Revised Statutes of Canada be published and available to all Canadians?

3. In the Legislation Section, are the bills drafted jointly by French-speaking and English-speaking lawyers and, if not, for what reason?

4. Among the seven English-speaking lawyers of of the Legislation Section, how many are bilingual?

5. Among the four French-speaking lawyers of the Legislation Section, how many are bilingual?

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): 1. Particular attention is being paid to the French text of the statutes in order to improve the expression of that text wherever corrections can be made within the limits of the powers of the Commission under Section 5 of 1964-65, c. 48.

2. It was intended that the Revised Statutes would be available in the Fall of 1968. This may not now be achieved because of the continuation of the 1967 Session of Parliament into the year 1968.

3. Until recently almost all Bills drafted in the Legislation Section were drafted in the first instance in English and then translated into French by translators carrying out the functions prescribed by the Translation Bureau Act (R.S. 1952, c. 270, s. 3). Civil Law lawyers were consulted in respect of civil law matters when they arose. Since the inception of the revision of the Statutes which began in 1965, the addition of experienced French-speaking civil law lawyers to the staff of the Legislation Section has made it possible to initiate working arrangements under which Bills prepared as described above are reviewed by such French-speaking civil law lawyers to ensure as far as possible

that each of the two language versions of a Bill accurately expresses the substance of the other, and so that the implications of the proposed legislation in terms of its application to the common law and civil law may be fully appreciated and assessed. Plans are now being worked out that will formalize these arrangements and extend them to all Bills that are drafted in the Legislation Section. The ultimate objective is the implementation, as soon as possible, of a system of dual-language drafting involving the preparation of draft Bills in English and French as part of a single process.

4. The seven English-speaking common law lawyers of the Legislation Section (who belong to the Bars of Ontario (2), Alberta (1), Saskatchewan (2), Manitoba (1) and Nova Scotia (1)), are not bilingual.

5. The four French-speaking civil law lawyers of the Legislation Section (all of whom are members of the Quebec Bar) are bilingual.

[*English*]

EXHIBITION OF CANADIAN ART IN EUROPE

Question No. 909—**Mr. Nesbitt:**

1. Has an exhibition of Canadian painting and sculpture been sent to Europe?

2. If so, in what cities has the exhibition thereof been held or proposed to be held, and during what period in each city?

3. How many (a) paintings (b) sculptures (c) other artistic productions are represented?

4. How many artists are represented?

5. Were arrangements made to transport and pay the expenses of Canadian art critics to the exhibition in Paris, France?

6. If so (a) by what department or agency of government (b) what are the names of such critics (c) what media do they represent (d) what was the total cost of the trip for such critics and any accompanying officials (e) what, in detail, was the purpose of the trip of such critics (f) was the trip approved (i) before or after the budget speech of the Minister of Finance on November 30, 1967 (ii) before or after the commencement of examination by the Treasury Board of possible retrenchment in expenditures?

7. Did any Minister of the Crown attend in Paris in connection with the exhibition there?

8. If so (a) what Minister (b) how long was he absent from Canada (c) was he accompanied by any staff and, if so, by whom (d) what were the total expenses of such Minister's trip and of his staff, if any?

9. (a) What officials, if any, of (i) the Department of External Affairs (ii) the National Gallery of Canada, have made trips to any of the cities revealed in the answer to Part 2 in respect of the planning or the actual conduct of the exhibition (b) what further trips of officials of the Department or Gallery are contemplated (c) what is the total cost to date of such trips (d) what is the total estimated cost of contemplated trips?

10. What is the grand total amount that this exhibition is expected to cost?

[Mr. Trudeau.]

Hon. Paul Martin (Secretary of State for External Affairs): 1. Yes.

2. Musée National d'Art Moderne, Paris, January 12 to February 17, 1968; Musée Cantonal des Beaux-Arts, Lausanne, July 11 to August 31, 1968; Palais des Beaux-Arts, Brussels, September 19 to October 19, 1968; Galleria Nazionale di Arte Moderna, Rome, May 16 to June 15, 1968.

3. (a) 63; (b) 13; (c) Nil.

4. 19.

5. Yes.

6. (a) The National Gallery of Canada for the Department of External Affairs; (b) Mr. Ralph Hicklin, Toronto *Telegram,* Toronto; Mr. Laurent Lamy, *Le Devoir,* Montréal; Mrs. Joan Lowndes, Vancouver *Sun,* Vancouver; Mrs. Andrée Paradis, *Vie des Arts,* Montréal; Mr. Yves Robillard, *La Presse,* Montréal; Mr. Richard Simmins, *Arts Canada,* Toronto; (c) See (b) above; (d) $3,643; (e) This initiative was developed within the framework of exchanges of persons which are provided for under the Franco-Canadian cultural agreement; its purpose was to enable Canadian art critics to meet their French counterparts on the occasion of the first major exhibition of Canadian paintings abroad; (f) (i) After; (ii) After.

7. Yes.

8. (a) The Minister of Energy, Mines and Resources; (b) six days; (c) his executive assistant; (d) $1,725.

9. (a) (i) None; (ii) the commissioner general for the exhibition, and the deputy director of the National Gallery; (b) the commissioner general for the exhibition is expected to visit the cities which will be toured by the exhibition, in order to supervise preparations and to be in attendance along with the director of the National Gallery or her representative on the opening day; (c) $3,853.71; (d) $5,550.

10. Authorized budget, $88,700.

BUTTER RESERVES

Question No. 943—**Mr. Laprise:**

1. What amount of butter did the government have in warehouses on January 1, 1966, 1967 and 1968?

2. Are the reserves of butter in stock adequate to meet the consumer demand during the present season and, if not, how much must be imported?

Hon. J. J. Greene (Minister of Agriculture): 1. January 1, 1966, 60,049,316 lbs.; January 1, 1967, 40,726,829 lbs.; January 1, 1968, 43,549,848 lbs.

2. Present indications are that stocks will be sufficient.

I.L.O. CONVENTIONS ON SOCIAL AND ECONOMIC RIGHTS

Question No. 1,001—**Mr. Orlikow:**

1. In connection with the Canadian Charter of Human Rights, what Conventions of the International Labour Organization dealing with social and economic rights has Canada ratified?

2. Were these Conventions ratified by Canada, which are now part of the legal structure of Canada, included in the documents prepared by the Government of Canada for discussion at the Federal-Provincial Conference and, if not, for what reason?

Hon. Paul Martin (Secretary of State for External Affairs): 1. Canada has ratified the following I.L.O. conventions dealing with social and economic rights: *No. 1, Hours of Work (Industry), 1919 (First Session), March 21, 1935; No. 7, Minimum Age (Sea) 1920, (Second Session), March 31, 1926; No. 8, Unemployment Indemnity, 1920 (Second Session), March 31, 1926; No. 14, Weekly Rest (Industry), 1921 (Third Session), March 21, 1935; No. 15, Minimum Age (Trimmers and Stokers), 1921 (Third Session), March 31, 1926; No. 16, Medical Examination of Young Persons (Sea), 1921 (Third Session), March 31, 1926; No. 22, Seamen's Articles of Agreement, 1926 (Ninth Session), June 30, 1938; *No. 26, Minimum Wage-Fixing Machinery, 1928 (Eleventh Session), April 25, 1935; No. 27, Marking of Weight (Packages Transported by Vessels), 1929 (Twelfth Session), June 30, 1938; No. 32, Protection Against Accidents (Dockers) Revised, 1932 (Sixteenth Session), April 6, 1946; No. 45, Employment of Women on Underground Work in Mines of All Kinds, 1935 (Nineteenth Session), Sept. 16, 1966; No. 58, Minimum Age for Employment at Sea, 1936 (Twenty-Second Session), Sept. 10, 1951; No. 63, Statistics of Wages and Hours of Work, 1938 (Twenty-Fourth Session), April 6, 1946; No. 68, Food and Catering (Ships' Crews), 1946 (Twenty-Eighth Session), March 19, 1951; No. 69, Certification of Ships' Cooks, 1946 (Twenty-Eighth Session), March 19, 1951; No. 73, Medical Examination (Seafarers), 1946 (Twenty-Eighth Session), March 19, 1951; No. 74, Certification of Able Seamen, 1946 (Twenty-Eighth Session), March 19, 1951; No. 88, Employment Service, 1948 (Thirty-First Session), August 24, 1950; No. 105, Abolition of Forced Labour, 1957 (Fortieth Session), July 14, 1959; No. 108, Seafarers' National Identity Documents (Forty-First Session), May 31, 1967; No. 111, Discrimination in respect of employment and occupation, 1958, (Forty-Second Session), Nov. 26, 1964; No. 122, Employment Policy, 1964 (Forty-Eighth Session), Sept. 16, 1966.

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* The implementing Federal Statutes concerning ratification of these conventions were declared ultra vires by the Privy Council, 1937.

2. The texts of these conventions were not included in the documents prepared by the government of Canada for discussion at the recent federal-provincial conference since they were not a specific item on the agenda, although they fall within the general field of human rights. The texts of a number of major United Nations conventions on human rights were included in the document "A Canadian Charter of Human Rights", for illustrative purposes. It should be noted that many of the ILO conventions, upon ratification by Canada, require implementation through either federal, or by both federal and provincial legislation.

AREA DEVELOPMENT PROGRAM

Question No. 1,009—**Mr. Bell (Saint John-Albert):**

Since the inception of the Area Development Program under the Department of Industry, what has been for the designated areas, by province *(a)* number of applications *(b)* number of new jobs *(c)* capital investment *(d)* total federal payments, expressing each of the preceding as a unit of the labour force in each province, e.g., in New Brunswick 25 new jobs for 1,000 members of the labour force, and so on?

Hon. C. M. Drury (Minister of Industry): The following statistics relate to all active

applications which have been approved, or are under review, in the period since the inception of the area development program and December 31, 1967:

A.

Province	(a) Number of applications	(b) Number of direct new job opportunities	(c) Total of direct capital investment	(d) Estimated value of ADA grants and income tax abatements
		Parts to question (expressed in absolute terms)		
			$ '000	$ '000
Newfoundland	37	3,912	220,772	26,684
Prince Edward Island	24	767	7,216	1,710
Nova Scotia	105	6,674	243,338	39,437
New Brunswick	77	4,955	204,404	38,303
Quebec	207	10,538	480,887	90,369
Ontario	239	18,164	435,922	126,539
Manitoba	52	1,325	50,525	12,430
Saskatchewan	34	1,071	67,603	7,245
Alberta	17	714	84,249	14,104
British Columbia	53	1,744	49,674	13,117
Undecided	2	93	1,805	472
Canada	847	49,957	1,846,395	370,410*

*Includes estimated values of income tax abatements and grants of $170,995,000 and $199,415,000 respectively. Actual values of income tax abatements will not be known until after the tax free periods have expired. Payments of grants as of December 31, 1967 totalled $8,347,531.

B.

Parts to question
(relative to each 1,000 members of the 1966 estimated labour force by province)

Province	(a) Number of direct new job opportunities	(b) Total of direct capital investment in ADA supported projects
		$
Newfoundland	26	1,554
Prince Edward Island	21	200
Nova Scotia	26	981
New Brunswick	24	1,001
Quebec	4	227
Ontario	6	158
Manitoba	3	140
Saskatchewan	3	197
Alberta	1	149
British Columbia	2	70
Undecided	N/A	N/A
Canada	6	247

[Mr. Drury.]

SEARCHES IN CANADA BY POLICE OFFICERS FROM ABROAD

Question No. 1,015—**Mr. Caouette:**

1. Is there an agreement between the Government of Canada and the Government of Britain allowing British police officers to conduct searches in Canada (a) with warrant (b) without warrant?

2. Is there such an agreement with the Government of the Republic of France concerning either (a) or (b) above?

[*Translation*]

Hon. Paul Martin (Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned: 1. (a) and (b) No.

2. No.

[*English*]

REQUIREMENT FOR SOCIAL INSURANCE NUMBERS

Question No. 1,025—**Mr. Thompson:**

Supplementary

1. Is it compulsory for every adult Canadian to apply for a Social Insurance number?

2. What is the penalty for those who do not apply for a Social Insurance number?

3. How many known cases are there of people who are required to have a Social Insurance number who have not applied or who refuse to apply for a number?

4. (a) Are there citizens who are being penalized for not having a Social Insurance number (b) what is the amount of the penalty (c) how many Canadians are being prosecuted in the Courts for not possessing a Social Insurance number or for refusing to apply?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of National Revenue as follows: 1. No.

2. The failure to apply for a social insurance number as required under the Canada Pension Plan could result in the loss of benefits under that act. Individuals who are taxable for 1967 or subsequent taxation years and who fail to apply for a social insurance number, as required under the Income Tax Act, are liable to the penalties provided in subsection 3 of section 55 of that act.

3. There are fewer than one hundred thousand people who file income tax returns who have not yet supplied information with regard to their social insurance numbers. The number of those who have refused to apply for a social insurance number is not available but there have been very few such cases.

4. (a) There have been no penalties assessed under the Income Tax Act but under the Canada Pension Plan there is a potential loss of pension rights for contributors who fail to supply social insurance numbers. (b) See question 2 above. (c) None.

FISHING OPERATIONS, LITTLE HARBOUR, N.S.

Question No. 1,091—**Mr. Forrestall:**

1. What is the number of men actively engaged in fishing at Little Harbour, Halifax County?

2. How many boats are being operated from there?

3. What is the extent of the annual total catch in pounds and dollars?

4. Has the government received requests for the enlargement of the wharf facility there and, if so, what plans have been made?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Fisheries and Public Works as follows: 1. 19.

2. 17.

3. The catch in 1966 was 583,000 lbs. valued to fishermen at $39,363.

4. Yes, but no plans have been made for the enlargement of the wharf facility at this time.

Motions for Papers

Hon. George Hees (Northumberland): Mr. Speaker, on a question of privilege, I inquired one week ago today about the answer to starred question No. 545, which is dated October 24. I should like to have the question answered, and I did not hear the parliamentary secretary say that he intended to answer it today.

Mr. Starr: He did not say he would.

Mr. Hees: Could the parliamentary secretary advise me about the question now?

Mr. Béchard: It was not answered today, Mr. Speaker.

Hon. E. J. Benson (President of the Treasury Board): I wish to assure the hon. member that I have the answer to the question. It came to my attention and to my office this morning, and it will be answered the next time we have questions.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notice of motion for the production of papers No. 46 is acceptable to the government.

Notice of motion No. 56 is acceptable to the government subject to the usual reservations concerning privileged papers and the consent of the relevant government authorities.

Would Your Honour be kind enough to call notice of motion No. 42?

Mr. Speaker, I ask that the remaining notices of motions be allowed to stand.

[*English*]

GREAT SLAVE LAKE RAILWAY CLAIMS

Motion No. 42—**Mr. Schreyer:**

That an Order of the House do issue for a copy of all documents and correspondence exchanged between any federal department or Crown corporation and Mr. McDonald, lawyer, of the City of Regina, relative to the claims against the C.N.R. made by any one of the construction firms engaged in the construction of the Great Slave Lake Railway.

Motion agreed to.

[*Translation*]

FRENCH COPIES OF SUPREME COURT JUDGMENTS

Motion No. 46—**Mr. Caouette:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a return showing whether the

opinion of the Supreme Court concerning underwater rights has been published in French and, if not, for what reason; whether consideration has been given to the possibility of publishing in both official languages the judgments of the Supreme Court concerning the problem of the sharing of the legislative powers between the federal and provincial governments and, if not, for what reason; and how many judgments of the Supreme Court were given in English only, in French only, and in both languages, during the last five years.

Motion agreed to.

[*English*]

TRANS-CANADA HIGHWAY AGREEMENTS WITH B.C.

Motion No. 56—**Mr. Barnett:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence exchanged between the Prime Minister and/or the the Minister of Public Works and the Government of British Columbia since June 3, 1964, on the subject-matter of the alteration or extension of Trans-Canada Highway agreements on the items referred to in the letter of May 26, 1964, from the Premier of British Columbia to the Prime Minister.

Motion agreed to.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO ACTION RESPECTING OFF-SHORE MINERAL RIGHTS

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, yesterday, I think, the Prime Minister told me that he hoped soon to answer my question about the government's plans having to do with off-shore oil policy and what direction that policy will take following the Supreme Court decision. Since the session may adjourn soon, and since my right hon. friend may not have extensive plans for the future, I wonder if he could assure the house that he will make a statement about this matter soon, perhaps before the house adjourns or recesses.

Right Hon. L. B. Pearson (Prime Minister): I hope to do that by the end of the week, Mr. Speaker. There have been some developments in the last 48 hours which I should like to include in my answer.

BUSINESS OF THE HOUSE

OFFER TO FACILITATE PASSAGE OF BILL C-190

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the Prime Minister if he will consider proceeding with Bill C-190, to amend the Patent Act and the Trade Marks Act, before the recess. Members of this party are prepared to forgo any debate in committee of the whole and third reading, the bill already having had second reading. We think it is important for steps to be taken to lower the high price of drugs, and we are prepared to facilitate passage of the bill if the government is prepared to bring it before the house before the recess.

Right Hon. L. B. Pearson (Prime Minister): If we could dispose of the bill now before the house, and the estimates and supply, I should hope, perhaps, that we could deal with my hon. friend's bill by arrangement so that debate could be kept to a minimum in accordance with my hon. friend's intentions, in order to have the matter dealt with before we adjourn.

Mr. Douglas: A supplementary question, Mr. Speaker. Would the Prime Minister consider bringing down the bill before interim supply, so we could dispose of it?

Some hon. Members: Oh, oh.

An hon. Member: No.

Mr. Pearson: It is important to get supply through first.

[*Translation*]

MANPOWER

SUGGESTED RETRAINING PROGRAM FOR UNEMPLOYED ARCHITECTS

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration.

Could the minister tell us whether his department considers offering, under its manpower retraining program, special courses to numerous architects out of employment at the present time because of the crisis affecting the building industry?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, retraining courses offered by the Department of Manpower and Immigration are not meant for professionals.

[*English*]

IMMIGRATION

CONSIDERATION OF APPLICATIONS FROM ASIANS IN KENYA

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I wish to direct a question to the Minister of

Manpower and Immigration. Has a special team been created under special circumstances in order to arrange for some if not all of the 5,000 Asians in Kenya to come to Canada? Has the minister's department such a plan at the present time?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I have already answered that question. An agent of the Department of Immigration went to Kenya to help the Canadian high commissioner at Nairobi. A team of civil servants is probably already on its way to Kenya to study the applications.

We are now studying the situation. I know there is an increase in the number of applications, but I cannot say how many people will come.

[*English*]

Mr. Woolliams: A supplementary question, Mr. Speaker. Has this team been instructed to include in any conclusion it arrives at the consideration that in Canada from 6 per cent to 7 per cent of the work force is unemployed?

Mr. Speaker: Order, please. I suggest that the question is argumentative.

Mr. Woolliams: I did not mean it to be argumentative. Perhaps I sounded argumentative.

Some hon. Members: Oh, oh.

Mr. Woolliams: I shall try to rephrase it. In view of the fact that there is serious unemployment in this country, has the team been instructed to pay special regard to this circumstance?

[*Translation*]

Mr. Marchand: Mr. Speaker, our selection criteria automatically take these facts into account.

[*English*]

Mr. Woolliams: A supplementary question. Have instructions been given to the team to pay regard to the special circumstances involving unemployment?

[*Translation*]

Mr. Marchand: Mr. Speaker, I believe our system is flexible enough to take into account the present circumstances, in Kenya as well as in Canada, and I doubt that it should be necessary to issue special instructions.

[*English*]

TRADE

REPORTED INCREASE IN IMPORTS AS COMPARED TO EXPORTS

On the orders of the day:

Hon. George Hees (Northumberland): I should like to address a question to the Minister of Trade and Commerce. In view of the fact that imports into Canada during the month of January, the latest month for which figures are available, increased at nearly twice the rate of exports from this country, is the government planning to take steps in the immediate future to make sure that this alarming trend does not continue?

Hon. Robert Winters (Minister of Trade and Commerce): My own main responsibility is for exports, and we had a good month in January with exports up considerably as compared with January a year ago. It is true imports were higher last January than they were in January of 1967, but it would be a mistake to judge our trading pattern on the performance in a single month, particularly the first month in the year.

Mr. Hees: Is it not true that imports increased by 8 per cent and exports by only 5 per cent as compared with a year ago, and is this not a significant figure?

Mr. Speaker: Order. That question may not sound argumentative, but it is.

[*Later:*]

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a supplementary question for the Minister of Trade and Commerce. Would he be prepared to satisfy the eagerness of the Minister of Agriculture to share responsibility for declining sales of grain?

Mr. Winters: Mr. Speaker, they are not declining.

LABOUR CONDITIONS

SUMMER EMPLOYMENT OPPORTUNITIES FOR UNIVERSITY STUDENTS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I have a question I should like to direct to the Minister of Manpower and Immigration. Is the government making any special arrangements for the employment of university students this summer? I ask this question in view of the cutbacks announced affecting opportunities normally available in federal government employment and elsewhere. If nothing is done

there is likely to be a large excess of students on the labour market seeking unsuccessfully to provide themselves with funds to continue their education.

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, we have a special section which deals with students. We shall try to find as many jobs as possible, but with regard to exchanges with foreign students, especially European students, we take into account the fact that there will be fewer jobs next year in Canada, so as to favour Canadian students.

[*English*]

Mr. Nesbitt: I was wondering whether the government intends to make any special arrangements this year in addition to those normally made, because of the likelihood of increased unemployment and the lack of labour opportunities.

Mr. Speaker: Order. The hon. member is simply repeating the question he asked originally.

NATIONAL DEFENCE

PROPOSED MANNING OF NAVAL SHIP WITH FRENCH SPEAKING CREW

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I desire to direct a question, a most important one, to the Minister of National Defence.

Because of the technical training problems involved, and since under present procedures all orders are conveyed in English by the naval squadron leader, commodore or admiral, will the minister reconsider his proposed separation of a specific navy ship from normal operation and procedure with the designation that all on board must have French as their mother language?

Mr. Speaker: Order. I suggest that the hon. member place his question on the order paper.

Mr. Winch: In view of the fact that this new procedure is in the mind of the minister, is it not of urgency?

Mr. Speaker: The minister can, of course, reply in writing to the hon. member's written question.

[Mr. Nesbitt.]

WINNING OF TROPHY BY CABOT SQUADRON NO. 562, AIR CADETS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Is he aware that Cabot squadron No. 562, Royal Canadian Air Cadets, with its commanding officer, Squadron Leader T. R. Young, of North Sydney, has been named the outstanding air cadet squadron in Canada during centennial year? May I also ask the minister, will he be in a position to attend the testimonial dinner and presentation of the dominion trophy, to be held on March 23—and may I add that this minister would be most welcome?

Mr. Speaker: Order. This question may be allowed as a special case.

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I am aware that the 562 Cabot squadron has won a number of honours in the past, and I know it richly deserves the honour it won this year. I would like the hon. gentleman to be kind enough to transmit my own congratulations to the squadron. Unfortunately I will not be available for the particular occasion on March 23, but I will make sure that somebody from headquarters who does appreciate the work of air cadets will be present.

FINANCE

MEASURES TO RETAIN U.S. INVESTMENT FUNDS IN CANADA

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): My question is directed to the Minister of Finance. In view of the minister's announcement last week of arrangements with the United States to prevent U.S. investment funds passing through Canada to other countries, may I ask whether the government has decided to set up any special machinery to carry out this pledge?

Hon. Mitchell Sharp (Minister of Finance): The machinery for this purpose is under examination now.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, may I direct a question to the Minister of Finance. What Canadian initiatives are planned, in co-operation with other countries, which might have the effect of preventing further deterioration in international financial mechanisms which now seem to be at the mercy of speculators?

Mr. Sharp: Mr. Speaker, both the governor of the Bank of Canada and I have been in touch with other central banks and with other financial authorities throughout the world. We are very concerned about the present situation, and are trying to take measures that would be useful. Indeed, some of the measures that were taken last week have a relationship to the international monetary system, and we are prepared to consider other initiatives, if any are open to us, that would be useful.

HEALTH AND WELFARE

MEDICARE—COST IN BRITISH COLUMBIA

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I wish to ask the Secretary of State a question with regard to question No. 727 on the order paper. In view of the fact that this question has been on the order paper since November 21 last, and in view of the fact that the information requested is clearly and immediately available to the federal government, may I ask the hon. lady if it is the intention of the government deliberately to withhold the information requested in this question?

Hon. Judy V. LaMarsh (Secretary of State): I will look into the matter, Mr. Speaker. Sometimes queries in that direction are not answered as rapidly as one could wish. I will ask whether that might be what is wrong, or whether there is some other reason.

ATLANTIC DEVELOPMENT BOARD

PROPOSED MOVE OF HEADQUARTERS FROM OTTAWA TO MARITIMES

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare in reference to the Atlantic Development Board. Now that one of his fellow contenders has joined those of us who have advocated the movement of A.D.B. headquarters from Ottawa to a maritime location, can he advise whether consideration is being given to this desirable development?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, that item is not under active consideration, but it will be considered in the light of my hon. friend's representations.

Inquiries of the Ministry

THE CANADIAN ECONOMY

HEATING OIL AND GASOLINE—STATEMENT ON PRICE INCREASES

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I wish to ask the Minister of Finance can he now give us a report on the inquiry into the increases in the prices of gasoline and heating oil, a report which he has been promising to give for some considerable time?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker. My officials have looked into the recent increases that have occurred in the prices of gasoline, oil and heating fuel. I understand that the explanation given by the industry is that the increases were made necessary by rising costs, chiefly salaries, wages and supplies.

However, before a judgment can be made on issues such as this more information is required about a number of related factors. It is not sufficient to know only the extent to which costs have risen. Increased productivity, for example, might enable an industry to absorb cost increases and thereby avoid the need for higher prices. Other relevant considerations include the levels of profitability and capacity at which industry is operating, its ability to attract capital, and the degree of domestic and foreign competition.

Mr. Speaker: Order, please. I would think the additional information now being given by the minister should preferably be given at the time of motions.

Mr. Lewis: As a supplementary question, do I understand from the minister's reply as far as it went, or as far as it got, that the only information his department has sought in all these weeks is information given to it by the companies concerned, or have the officials of his department made any independent inquiry into some of the matters he mentioned?

Mr. Sharp: No, Mr. Speaker; my department has gone further than that. It is because of the relations which exist in respect of the price of gasoline that the Prime Minister has announced his plans for an agency for reviewing such things. It would be my hope that this type of price rise would be exactly the sort of matter that would be inquired into by the board.

Mr. Lewis: In view of the fact that the agency about which the Prime Minister spoke

yesterday is not likely to be established for some time, would the minister undertake to make a statement on motions on this inquiry in respect of increased prices for supplies which are important to all consumers in Canada?

Mr. Sharp: Mr. Speaker, I understood that the hon. gentleman did not think very much of the establishment of the board proposed by the Prime Minister. I am happy to see that he is changing his mind. This is the kind of situation that requires a thorough review and not just a superficial examination.

[*Translation*]

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REFUSAL TO HOLD TRIAL IN FRENCH

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to put a question to the Solicitor General. Is he aware that Justice Alfred Watt, of British Columbia, denies to a certain Suzanne Poulin, who does not speak English, the right to defend herself in her mother tongue? If so, what action does he intend to take?

[*English*]

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I am not aware of the facts as alleged by the hon. member but I will consult with the Minister of Justice.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I should like to ask the Prime Minister whether he has received a communication from the Minister of Trade and Commerce about that minister's responsibilities and, if so, what was the reply.

Mr. Speaker: I have some doubt about the question as asked. I find it difficult to ascertain the purport or import of the question.

Mr. Bell (Saint John-Albert): Mr. Speaker, may I ask the Prime Minister how he can accept the resignation of one minister and not that of another.

Mr. Speaker: Order, please.

Mr. Pearson: That is easy.

[Mr. Lewis.]

CONSUMER AFFAIRS

POSSIBLE REDUCTION IN EXPENDITURES OF DEPARTMENT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address this question to the right hon. Prime Minister. In view of his announcement of the proposal to set up a board to review prices and costs, is it the intention of the government when this board is set up to cut back extensively on the expenditures that have now been incurred by the Department of Consumer and Corporate Affairs?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is our intention to cut back expenditures on every possible occasion, and in that connection to resist demands from the other side for hundreds of millions of dollars of extra expenditures.

Mr. Starr: In view of the hope the Prime Minister expressed yesterday that this board would help solve the problems of the high costs and difficulties in other areas does the Prime Minister not think it would be wise to cut down expenses by eliminating duplication of work?

Mr. Speaker: Order, please. The question is not in order.

EXTERNAL AFFAIRS

WEST GERMANY—OBJECTIONS TO DRAFT NUCLEAR TREATY

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, the Secretary of State for External Affairs appears to have been neglected today. I do not like to see him in that situation under the present circumstances; therefore I should like to ask him whether he is now in a position to answer the question I asked the day before yesterday with regard to the Canadian position in reference to the further safeguards requested by West Germany in connection with the non-proliferation nuclear treaty.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the government of West Germany is not a member of the 18 nation group that has been discussing the non-proliferation treaty. It has indicated, however, that it proposes to support the treaty notwithstanding the fact that the treaty does not fully comply with some of its reservations. It has sent a letter to the Canadian and other governments as a matter of record,

setting out what it regards as imperfections in the treaty which it hopes might perhaps be considered very shortly when the whole matter is referred to the United Nations for consideration.

Mr. Harkness: Mr. Speaker, my question to the minister was whether Canada was supporting the position that these further safeguards should be written into the treaty.

Mr. Martin (Essex East): Canada supports the treaty, and we indicated this intention at the 18 power meeting. We will, however, be prepared to consider improvements in the treaty when the matter is referred very shortly to the United Nations.

Mr. David MacDonald (Prince): Mr. Speaker, will the minister for external affairs tell us whether our government has indicated to West Germany that we support their four points or any modification of those four points?

Mr. Martin (Essex East): We have not indicated that we support the four points, Mr. Speaker. We have indicated, however, that some of their points do deserve further consideration.

WATER RESOURCES

PEMBINA RIVER—REQUEST FOR REPORT ON DISCUSSIONS

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, because of the fairly imminent adjournment of the house I wonder whether the Secretary of State for External Affairs would look into the matter of the discussions between the United States and Canada about the Pembina river project, and give a report to the house tomorrow?

Hon. Paul Martin (Secretary of State for External Affairs): Yes.

POST OFFICE DEPARTMENT

REPORTED PREMATURE RELEASE OF NEW STAMP ISSUE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Postmaster General regarding a subject I mentioned to him before the house was called to order. It relates to a stamp which was issued today for the first time to the general public. Is the minister aware that there exists at least one of these stamps, which I have in my possession on a letter, which carries a cancellation dated two days ago at Trois Rivières, Quebec? This is two days before the stamp was issued to the public. Will the minister look into this matter?

Mr. Speaker: Order, please. I would have hoped the hon. member could have received a reply when he spoke to the minister.

Mr. Howard: The minister pretty well indicated that I should ask the question in this way because, as I understand it, he would like to put on record his concern in this regard as it may involve theft in his department.

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I thank the hon. member for advising me of this unusual situation. I know that my department takes all the necessary precautions to prevent this sort of thing. I shall certainly look into the matter and report to the hon. member.

[*English*]

PUBLIC SERVICE

POSITION OF EXECUTIVE AND PROFESSIONAL OFFICERS RESPECTING COLLECTIVE BARGAINING

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, I should like to ask the President of the Treasury Board whether the government has taken any action to remove misunderstandings existing in several departments of government due to erroneous directives that employees in executive or professional roles are required to resign from employee organizations before collective bargaining begins.

Hon. E. J. Benson (President of the Treasury Board): Mr. Speaker, we looked into this question which my hon. friend has raised before, and found that in one department there was an erroneous interpretation of the directive of the Treasury Board. We have been in touch with this and other departments to make sure the directive issued by the Treasury Board is adhered to within the departments.

Mr. Bell (Carleton): Would it not have been simpler for the minister to have replied to the questions which were—

Mr. Speaker: Order, please.

Mr. Bell (Carleton): I placed this question on the order paper three weeks ago.

Mr. Benson: Action is better than words.

Inquiries of the Ministry

LEGISLATION TO INCREASE PENSIONS OF RETIRED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask the Prime Minister whether there is now any hope that before the right hon. gentleman resigns as Prime Minister, the government will place before parliament the matter of an increase in the pensions of retired civil servants, an increase to which these people are surely entitled?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the hon. member must never give up hope.

[*Translation*]

LABOUR RELATIONS

MONTREAL—APPOINTMENT OF ARBITRATION BOARD ON PICARD REPORT

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I wish to direct a question to the hon. Minister of Agriculture.

Is he in a position today to answer the question that I put to him yesterday?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, with regard to the question put to me last Monday by the hon. member for Sainte-Marie, I am told that nobody in my department nor in the Board of Grain Commissioners suggested to exporters to use Port Cartier or Baie Comeau facilities instead of Montreal harbour, when arrangements were made for the shipment of grain during the next season.

I am told also that the Canadian Wheat Board has not made such proposals. I wish to point out to the hon. member that the buyers themselves plan the grain shipments. I am pleased to inform the house, Mr. Speaker, that since January 1 of this year, grain exports through Montreal harbour have amounted to 1.4 million bushels.

Mr. Speaker: Order.

[*English*]

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Valade: Mr. Speaker, in view of the statement and statistics the minister has given in respect of grain export shipments from Montreal, can he tell us what is his forecast for this coming year?

[Mr. Benson.]

[*Translation*]

Mr. Greene: There will surely be—

Mr. Speaker: Order.

CRIMINAL CODE

REQUEST FOR WITHDRAWAL OF ABORTION AND HOMOSEXUAL PROVISIONS

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I wish to put a question to the hon. Minister of Justice.

Can he tell the house if perchance he intends to withdraw his bill on abortion and homosexuality, in view of the fact that a large number of citizens consider that policy antimoral?

Mr. Speaker: Order.

[*English*]

CONSUMER AFFAIRS

HEARING AIDS—REQUEST FOR INQUIRY INTO PRICES

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to direct a question to the Minister of Consumer and Corporate Affairs. In view of the fact that one of every four senior citizens must use a hearing aid, and in view of the fact that the retail mark-ups on these devices run as high as 306 per cent of the wholesale price, will the minister institute an immediate inquiry into the price of hearing aids in Canada?

Mr. Speaker: Order please. While I know this is an important matter I feel the question should be placed on the order paper.

PUBLIC SERVICE

IMPLEMENTATION OF RECOMMENDATIONS OF GLASSCO COMMISSION

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct a question to the President of the Treasury Board. Earlier today he indicated that he has in his possession the answer to starred question No. 545, dated October 24. As there is a distinct possibility that this house may adjourn before these questions are called again, would the minister be kind enough to send me the answer he has so I may have it today?

Hon. E. J. Benson (President of the Treasury Board): Mr. Speaker, I will be very pleased to send my hon. friend a copy of the answer to the question soon, which indicates the tremendous progress this government has made in this direction.

Some hon. Members: Oh, oh.

Mr. Hees: Is that the reason this government has carefully hidden these answers for five solid months?

Some hon. Members: Order.

Mr. Speaker: Order, please. I think the supplementary question is argumentative.

Mr. Benson: On a question of privilege, Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I am afraid the reply would also be argumentative.

Some hon. Members: Hear, hear.

Mr. Benson: I rise on a question of privilege.

Mr. Speaker: Order, please. Is the minister rising on a question of privilege?

Mr. Benson: Yes, I rise on a question of privilege. I should like to say that the government has not hidden—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

Mr. Benson: The government has not hidden the answer to this question for a period of five months, but it has taken five months to get all the information that was required, because of the great accomplishments of the government in this regard.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. The supplementary question was, of course, out of order, and there was no question of privilege.

Mr. Hees: On the question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. There is no question of privilege, so this cannot be pursued. The supplementary question was out of order, and I suggest we now go on to something else.

Inquiries of the Ministry

ATLANTIC DEVELOPMENT BOARD

INQUIRY AS TO COMPLETION OF DEVELOPMENT PLAN

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is for the Minister of National Health and Welfare in his responsibility as reporting to parliament for the Atlantic Development Board. For some months a number of us have been asking when the comprehensive plan for the development of the Atlantic region will be received. Can the minister now give us an indication of when that important report will be tabled?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the planning process is advancing toward completion within the Atlantic Development Board, and the members of the board will very shortly be dealing with various sector reports in order to formulate an over-all plan for the year.

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. Inasmuch as this report may become available during the adjournment of parliament, will the minister assure hon. members that the report will be circulated for study at that time?

Mr. MacEachen: I would be glad to discuss the question with the board itself, Mr. Speaker.

INCOME TAX ACT

INQUIRY AS TO EXAMINATION AND APPROVAL BY JUSTICE MINISTER

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, my question is for the Minister of Justice. Did the minister examine and approve the tax bill ruled upon Monday in this house?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, this is a question of departmental administration. I am not sure that I am required to answer it under the rules.

Mr. McCleave: On a point of order, Mr. Speaker, that arises from the minister's answer, it has been the custom in the past to ask questions to see whether the Minister of Justice is carrying out his responsibilities under the bill of rights. I think this minister, like ministers before him, is required to answer the question.

Mr. Trudeau: Mr. Speaker—

Mr. Speaker: Order, please.

Mr. Trudeau: Mr. Speaker, I am on the point of order.

Mr. Speaker: Perhaps I could rule immediately on the point of order. It is elementary, and I am sure all hon. members agree, that even when questions are in order and an hon. member has the right to ask a question, the rules do not provide that the minister must answer. Even if the answer is not satisfactory to the member who asked for information, he has to accept that answer.

Hon. George Hees (Northumberland): A supplementary question, Mr. Speaker. Is that the kind of arrogant prime minister you will be if you are chosen?

Mr. Speaker: Order, please.

• (3:20 p.m.)

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

The house resumed from Tuesday, March 12, consideration of the motion of Mr. Sharp for the second reading of Bill No. C-208, to amend the Income Tax Act.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, those of us on this side who have some liking for the Minister of Finance (Mr. Sharp) have felt very much like commiserating with him during the course of the past few weeks because of the embarrassment and difficulties in which he has found himself. I think many of us on this side feel that he is accident prone and Canada has a star-crossed minister.

Some of my colleagues tell me that from time to time the Minister of Finance has given to the house a brilliant analysis of the state of the economy. I certainly have no reason to question that judgment of my colleagues. However, it seems to me that while the minister may be capable of making brilliant analyses of the state of the economy, the problem is that the conclusions he reaches and the courses of action he maps out often do not follow the analyses arrived at and are quite erroneous.

At the present time, for example, we are told by the minister what is the combination of circumstances and what are the sets of problems that are causing difficulty in our economy. Then, as a follow-up, he presents us with fiscal measures, with a tax bill that in trying to deal with one set of problems in the economy will cause harm in other ways. It will cause harm by bringing about higher levels of unemployment than we have already, and they are already cause for concern. It will bring about a further slow down in economic growth. When we look at the indices for last year we see that in terms of constant dollars there was last year very little economic growth in Canada.

I realize that because other hon. members have spoken in this debate, at the resolution stage and on the bill that was defeated, much of what I will say will be repetitious; but I do not apologize for that. I happen to have been connected with Jesuit institutions at one time, and one pedagogical rule that the Jesuits like to emphasize—perhaps I could express it in Latin—is *repetitio matur studiurum est,* which means that repetition is the mother of learning.

In the case of this government and the Minister of Finance I feel there is no need to apologize for repetition because it is one way of getting across to the government some of the fundamental, basic rules of economic performance. This government, surely, with all the high-priced help it has at its beck and call, should not have got itself in the position of levying increased taxation at a time when there are already strong indications of a slowdown in economic growth, an increase in unemployment, and so on. Therefore, Mr. Speaker, I will repeat quite a number of things without the slightest wish to apologize.

We are given to understand by the minister that the purpose of the bill now before us, the bill which the press has been referring to as tax bill mark III, is to combat the fires of inflation that are burning in Canada. I certainly agree that we have serious inflation at the present time. An increase in the cost of living of 4.5 per cent in two successive years is hardly a matter about which to be complacent.

The rate of inflation that exists in this country exceeds that of the United States, despite the fact that the economy of the United States is being overstrained and overreached much more than ours. Our neighbour to the south is fighting a war the cost of which approximates $25 billion or $26 billion a year. It is attempting to implement domestic policies and programs which are every bit as comprehensive as those of the government of Canada. It is maintaining a military presence not just in southeast Asia but on the continent of Europe on a scale proportionately higher than ours.

Despite all this, in the United States they have managed to keep the rate of inflation somewhat lower than that which prevails in Canada. I might add that on top of this they

have been increasing the money supply at a faster rate than was the case in Canada last year. Despite all these things, inflation is burning away very much more dangerously here than there, which makes one ask how this can be possible. I have already made my remonstrances to the Minister of Finance that he should not be proposing to the house a bill which will have the effect of taxing away excess demand. I have already insisted, together with others, that there is no excess demand on goods and services in Canada at the present time. It is not that kind of inflation. This has been reasserted to the minister by members on this side of the house time and time again, but apparently he has not heard. He does not want to hear. Whatever the reason, he proceeds as though there is excess demand and he recommends taxation accordingly. The inflation we have in this country today has really very little to do with demand. Therefore the adding of taxes merely adds to the problem and adds to the cost of goods and services. This will be followed in short order by an increase in prices and a demand for increased wages.

Obviously, members would agree that the inflation we have in this country now is a cost induced inflation and the imposition of a surtax does nothing to cure the disease. There is a second negative effect as well. We will derive from this new tax an effect which is opposite to that which is really needed. The new tax will lower demand, which is not excessive now, and it will increase the amount of unutilized economic resources. It follows therefore, there will be a further increase in unemployment, a further slowing down of economic growth. I know that some members opposite found it amusing yesterday when the hon. member for York-South (Mr. Lewis) made the logical assertion, that the effect of the tax measure before us will be to bring about simultaneously both inflationary pressures and deflationary pressures.

In a sense, Mr. Speaker, it would seem that this is not possible. However, I feel it certainly can be said that the effect of this bill will be paradoxical in that it will increase costs, and in that sense will be inflationary, while at the same time the effect will be to reduce employment and cause a greater under-utilization of our economic resources. In that sense it will be deflationary. The net effect certainly will be undesirable.

As I understand the Minister of Finance (Mr. Sharp), he advances as an argument for this surtax the assertion that it will enable the government to come close to balancing its budget, and therefore will remove the necessity for the government to go to the bond or money market to obtain funds. This will remove some of the pressures on the money-market. I do not wish to be critical in this respect, because there has been an excessive demand on the money market. This government is not the only cause of it. I do not believe there is any reason for criticism of the Prime Minister (Mr. Pearson) for saying, as he did, that the actual increase in expenditures at the federal level has been much less, in percentage, than the rate of increase of expenditures by provinces and municipalities. I agree with the Prime Minister.

There is nothing new in this phenomenon which is very apparent in the United States federal system and, I would suspect, in other federal systems throughout the world. The fact is that provincial governments have been increasing their expenditures rapidly. Perhaps this is the result of greater urbanization or industrialization, the great increase in the birth rate, and so on. All of these things necessitate greater expenditures on education and municipal services. The fact is that provincial governments have been spending more and more money and have been going to the money market more often for larger and larger amounts. This has nothing to do, it would seem, with political ideology, but I certainly do not wish to criticize the Prime Minister for having pointed out these facts to hon. members.

I agree it is too simple to criticize this government's spending which, I must concede, in so far as its rate of increase is concerned has been kept down to a greater extent than that of provincial or local governments. What should be looked at, in my opinion, is the rate of increase in spending in relation to that of the provinces, in relation to that of other industrialized states, in relation to the increase in gross national product and per capita income. All of these indices should be looked at before we attack the federal government for increasing its program of expenditures.

Of course taxes could be lowered. Of course public programs contemplated could be put aside. Of course public programs already implemented could be discontinued. All these things could be done; but if we took this option we should be prepared to admit that the consequences in social terms would be very disturbing. Within a short time private

opulence and public squalor would become all too evident. We would have inadequate social services, inadequate educational facilities, and eventually all this would wither away our social conscience.

But I do not wish to say, Mr. Speaker, that there is no room for this government to cut costs. I do agree with the hon. member for Wellington South (Mr. Hales), who made a fine speech last evening outlining in detail some of the areas this government could explore with a view to cutting costs. Since he did such a good job in that regard, it is really unnecessary for me to do the same thing, as I had in mind to do. Very briefly, I should like to say that being on the public accounts committee with the hon. member it is becoming more and more obvious to us that if this government cared just a little more about administrative efficiency and cost cutting procedures a few million dollars might be saved for the public purse.

I am not sure of the position of my colleagues, Mr. Speaker, but I know my personal feeling is that there is nothing wrong with the announced intention of this government of putting a freeze on the recruitment of civil servants. It seems to me that in some departments a certain amount of extravagance has crept in as well as excessive recruitment. Some departments have adopted a sort of jet set attitude as to how to go about things. No doubt this is causing the administrative costs of some departments to rise higher than is really necessary. Probably at some future date, it will be necessary to increase the number of civil servants, but at the moment I agree that it is time for a period of consolidation and tightening up.

I think the hon. member for Wellington South pointed out, and if he did not I recall reading it in the Auditor General's report, that since 1962 there has been an increase in administrative personnel in the order of 40,000 and an increase in administrative costs in the order of $500 million. There are still many recommendations in the Glassco report that have not been implemented. The public accounts committee, working in conjunction with the Auditor General, has pointed out 450 instances in which administrative expenses could be pared. Of these 450 cases which have been resubmitted and resubmitted to the cabinet for action, only one third have been attended to. It is my personal opinion that that particular course of action at this time is a meritorious one.

[Mr. Schreyer.]

• (3:30 p.m.)

It has also come to my attention that the Department of Public Works has become increasingly sloppy in its leasing of office space from private owners. The department has leased space which has then remained unused for months and months. Whole floors of office buildings in Ottawa are left idle, though all the while the rental is being paid. The department is engaging in leasing additional premises, even when other premises that have already been leased for some time remain underused. On top of all this, Mr. Speaker, a $40 million expenditure program in the Ottawa area is planned for this year to construct additional office space.

However, Mr. Speaker, I have digressed and I should like to return to the matter of price stability in our economy. In concluding my remarks in this connection the point I wish to make is simply this, that price stability, given the current set of conditions in our economy, cannot be achieved by fiscal or monetary measures. In fact such measures aggravate that set of conditions.

It seems to me that the steps that must be taken to achieve the goal of price stabilization must relate to the factors that are causing cost and price increases. Once we embark upon this goal we quickly find ourselves in the thicket or jungle of administered pricing, rising interest rates and, worst of all, something that has become chronic during the past 18 months or two years, the phenomenon known as the expectation of further inflation to come.

The inflation we are experiencing now, Mr. Speaker, is feeding on itself, and there is no question in my mind that this is the greatest single cause of the absolutely absurd interest rates existing in Canada today. Presumably those engaged in corporate enterprises and those who frequently deal on the money markets do not have very much faith in the capacity of this government to contain inflation, because they are proceeding to borrow, despite high rates of interest, thereby bringing about a continuing upward pressure on interest rates.

To give some indication how absolutely incomprehensible and absurd the interest rates in this country have become, Mr. Speaker, I should like to refer to three promissory notes I hold in my hand issued by one of the chartered banks to an individual who is personally known to me. The amount

of money involved, the sum of $800, is not important. When the first note was issued in February, 1967, the loan was extended at a rate of 6 per cent. By June the rate had increased to 7 per cent; and the most recent note carries an interest rate marked on it of 9 per cent per year. This indicates an increase of from 6 per cent to 9 per cent in a 12-month period. It is also significant that the 8 per cent level was skipped altogether. Interest rates seem to be growing by geometric progression.

For how long, Mr. Speaker, have the people of Canada to accept such a course of events? Interest rates in Canada today are 2 per cent or nearly 2½ per cent above comparable rates in the United States. Not so long ago monetary management considered sufficient a differential of three-quarters of one per cent in interest rates between Canada and the United States. During the period 1950 to 1962 when we had a floating exchange rate the interest rate differential between Canada and the United States never exceeded four-fifths of one per cent. Following that period the differential may have increased a little; but during the last 12 months there has developed the absolutely crazy situation where interest rates in this country are more than 2 per cent higher than comparable levels in the United States.

Despite the present difficulties the United States is having in the international money market and also with their balance of payments position, the prevailing interest rates on conventional mortgages in the United States are between 6½ per cent and 6¾ per cent. In Canada, Mr. Speaker, the N.H.A. rate is 8½ per cent and the conventional prime rate 9 per cent or 9¼ per cent. When will it stop? The Minister of Finance will tell us, of course, that the reason for this grave situation is international in scope, and therefore beyond the capability of this government to do much about. I am sure that is what he will say.

In light of the rather alarming set of circumstances which are developing in our economy, Mr. Speaker, particularly with regard to interest rates and capital flow, we do not find it difficult to support the government in its intention to establish a prices review board. It is becoming increasingly clear that in a time of cost-push inflation a prices review board is an essential instrument of economic management. This is especially true today in view of the fact that the traditional fiscal and monetary policies to combat problems confronting the country are not proving effective.

Traditional fiscal and monetary policies cannot cope with cost-push inflation, Mr. Speaker. The minister persists in using these instruments like a broadaxe. What is required is something that is specially designed for a given task. I submit that a prices review board is specifically designed to deal with cost-push inflation, provided of course that it has some clear and coherent objective in mind. However, Mr. Speaker, it is not clear —at least it is not, judging from what the Prime Minister and the Minister of Finance have said—what the government does have in mind and what form the prices review board will take, much less what powers it will have.

It may operate in a similar fashion to the department of consumer affairs and hire personnel, give them a pair of scissors and tell them to cut out articles from newspapers that show price movements. It seems to me that more than that will have to be done if this board is to serve any useful purpose. We understand that because of the constitutional division of powers the board will be circumscribed in dealing with many of the things that are required; but surely the board will be given the power to summon witnesses, call for documents and records, and so on. Surely this is possible; and if it is possible it should be done. Yet, judging from the Prime Minister's words, I have the uneasy feeling that the board will not be set up on any continuing basis. I suspect it will look at isolated price movements and consider each price movement in an isolated review. That will not be effective. I hope the minister and his colleagues will take the time to tell us how the board is to operate and how it will function in examining all significant price movements in the country.

• (3:40 p.m.)

I cannot leave the subject without saying that the Minister of Finance this afternoon had the unmitigated gall to say to my colleague from York South (Mr. Lewis) that he was glad the members of the N.D.P. support the establishment of a prices review board. Actually we have advocated that for some time. Not long ago the Minister of Finance expressed lack of enthusiasm for the concept of a review board; his more enlightened colleague, the Minister of National Health and Welfare (Mr. MacEachen) also expressed distaste for the review board idea. Now the government has brought the concept forward in a

mutilated and unintelligible form, and they have the gall to say, "We are glad you like it." Talk about conversions. I will not steal the expression the hon. member for Carleton (Mr. Bell) used yesterday, but he did speak of one minister's conversion as a parallel to that on the road to Damascus. Here we see the government's conversion with respect to the review board idea. Certainly that conversion ought to be noticed by all.

An hon. Member: It was a death bed conversion.

Mr. Schreyer: Quite so. Since in all likelihood the present members of the treasury benches will not be occupying their seats for long, it is a death bed conversion. I do not respect the government's posturing as to the functioning of the Prices Review Board. They steal the name but bastardize the ideal. The board will function in some ill defined way. On top of that the government has the gall to pretend that the idea of its creation is theirs. If one wants to see classic examples of parvenus, he has only to look at members of the government.

I wish to refer to the statement of the Minister of Finance about the international position of the Canadian dollar. Here again we ought to be dissatisfied with the minister's performance and with his statements. I do not want to be rude or smart, but I must say that I am satisfied the minister understands comprehensively this business of international capital movements. As he knows so much about international monetary conditions and capital flows, why cannot he tell the house more? He has not told us much in recent months about the position of the Canadian dollar. We know that at times it has been at its agreed maximum and sometimes at its minimum. Recently its value has been at the minimum end of the scale. We do not know why this oscillation has occurred. All we know is that it has taken place. Yet the minister says that our economy is functioning well and that our trade performance is good. On page 7334 of *Hansard* for March 6 the Minister of Finance is reported to have said in part:

> —by the end of the year our trade surplus was running at its highest level in over a decade... Our export performance has been good, especially in the past few months...Our economy is not significantly underutilized;

Then the hon. member for Winnipeg South Centre (Mr. Churchill) asked, "Where is the crisis, then?" I repeat, in the light of the minister's statements, where is the crisis? What is causing loss of confidence in the Canadian dollar? The minister in so many words says that that has taken place. Ostensibly, to correct the lack of confidence this bill has been introduced. The government seems to think that we must display to the world our determination to take restrictive measures at home, that in this way the confidence in our dollar will be restored, and that international investors and owners of capital will look at our position more favourably. I wish the minister would say whether he thinks the Canadian economy is consumer oriented. Have we not enough savings to invest? Is that the root cause of our current problem? Frankly, I do not think the minister would say that our economy is consumer oriented and that not enough is being saved for investment. I wish to read some sentences from a speech he made to a dinner meeting of the New York Economic Club, at the Waldorf-Astoria, last November 14, when at one point he said:

> Our over-all rate of savings in Canada is high—among the highest of all countries in the western world. Last year it was estimated that total Canadian savings amounted to nearly $12 billions of which almost $3½ billions were personal savings in one form or another...

So, our over-all rate of savings is high, among the highest of all countries in the western world. I wish the minister and his colleagues would be more consistent in their pronouncements about Canadian savings and whether we are saving enough to invest. The matter has other implications, which I shall allude to in a minute.

If some lack confidence in the Canadian economy and dollar, that lack of confidence cannot be related to our production or trade performances. Therefore, that lack of confidence must have something to do with capital flows. Last January, when the United States restrained direct capital investment flows to Canada to 65 per cent of the 1963 and 1964 level, national and foreign investors must have become afraid about what would happen. If they were afraid, their fear must have been caused by ignorance, since investment in 1967 in any case was under the 65 per cent limitation. Now that limitation has been withdrawn, pursuant to an arrangement that our minister made with the secretary of the treasury of the United States. Whether the 65 per cent limitation would have had any practical bearing on our situation is irrelevant since the limitation has been withdrawn. The limitation would have had no practical effect in

terms of actual investment this year, as compared with that of 1966-67.

• (3:50 p.m.)

Unimportant as it may be, it will presumably help restore confidence in the Canadian dollar. Investors and speculators have apparently frightened themselves, and now require some psychological comfort before they will move back in. From the reading I have been able to do it becomes increasingly apparent to me that the phenomenon known as investor confidence is often not connected with practical considerations; there are so many inconsistencies and paradoxes at work in connection with the international movement of capital that one does have cause to wonder, as George Brown did some years ago, what the "gnomes of Zurich" are doing. Listening to the Minister of Finance brought us no enlightenment.

As we know, the United States is itself in balance of payments difficulties. Foreign claims on United States gold far exceed United States gold balances and the situation is deteriorating further. Imports into the United States have been increasing at the rate of 11 per cent per year in the last two years, while exports have been increasing at the rate of 1 per cent. During the period in which this negative balance has been developing, a steady decline of gold stocks has been experienced.

Despite this, Canada has entered into an arrangement with the United States by which they are giving us about $500 million in standby credit. We in turn are pledged to maintain our holdings of United States securities in a form in which they will not constitute a liquid claim on United States reserves. There is nothing wrong about co-operation, it seems to me, as long as co-operation is meaningful. But in this case I get a distinct impression—

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

Mr. Schreyer: I would not attempt to complete all I had hoped to say but I would ask the indulgence of the house for an additional two minutes.

Some hon. Members: Agreed.

An hon. Member: Two minutes.

Mr. Schreyer: As I was about to say, in so far as the arrangements announced a few days ago represent attempts at co-operation, they are laudable and should be supported. But to the extent they represent co-operation between two countries both of which are in extreme balance of payment difficulties, it seems to me the arrangement is not really meaningful.

One thing has come out of it. It has tied the Canadian dollar more closely than ever to the situation in the United States; it has tied the Canadian dollar more closely than ever to United States payments difficulties. Moreover it is my view that the set of problems which the United States faces in connection with its balance of payments situation is a chronic one which is likely to exist for a number of years, certainly as long as the war in Viet Nam lasts and as long as it maintains a powerful military presence in so many parts of the world.

The very fact that there has been a massive outflow of Canadian funds into United States equity stocks in the last four months is in itself some reason for the minister to feel despondent. I do not wish to begin now to make a case for exchange controls, but it is certainly a denial of common sense to be pleading on the one hand that the United States should not turn off the tap of investment and on the other hand to allow with apparent equanimity so large an outflow of Canadian investment funds into United States equity stock.

In conclusion, let me say we cannot support this tax bill because we are not convinced the minister has proved his case in relation to international monetary problems. In the second place, we cannot support the proposals for higher taxes because the present tax is based on a foundation which is inequitable, and to support any surtax calculated on such a base would be to compound inequity.

Hon. Robert L. Stanfield (Leader of the Opposition): It had not been my intention to participate in the debate on second reading of this bill, because I did have some things to say on the resolution stage and I propose to say something further during the committee stage. But in view of the Prime Minister's (Mr. Pearson) wide ranging view of financial and economic policy yesterday it seemed to me that if he thought it appropriate to take up the time of the house in that way it would be quite appropriate for me to make a reply at this time.

Some hon. Members: Hear, hear.

Mr. Stanfield: I will resist the great temptation to blister the government, though I doubt whether any leader of the opposition ever had more ammunition to use. I propose to refrain from anything of that sort and to continue what I believe has been a responsible attitude on our part. I must, however, bring to the attention of the house one striking example of the contrast between the sort of thing I have been saying and the sort of thing which was said by hon. gentlemen opposite, when they were in opposition, in connection with exchange difficulties.

This struck me as being so apposite that I thought I should bring it to the attention of the house before I go on with my remarks. It is a report of a speech made in Kitchener on June 5, 1962 by the hon. member for Algoma East (Mr. Pearson), then leader of the opposition and now Prime Minister of Canada. According to this report he said:

• (4:00 p.m.)

There is evidence to suggest other countries may be helping to prop up the Canadian dollar, and if this is so, Canada "can be ashamed," Liberal leader Lester Pearson said last night.

In his most trenchant attack on the government's handling of devaluation, Mr. Pearson said a "mysterious $62 million of aid has come in somehow to help out. It seems to be some sort of temporary loan from foreign central banks to give us a hand."

He also said:

We used to be looked to as a model of good management in our economic and financial affairs.

And now we have to be helped out.

Other governments, of course, have their own good reasons for helping out. They don't want a complete financial collapse here, because it's the sort of thing that spreads.

I wonder what my hon. friends opposite would think if I had been talking that way during the last couple of weeks.

Some hon. Members: Hear, hear.

Mr. Stanfield: However, we have no intention of creating any unnecessary difficulties. The present situation of the government and of the country is of course troublesome because of the uncertainties internationally, and also because of something short of complete conviction about the government and its determination to carry out the appropriate policies.

We know that the United States dollar is under pressure because of balance of payments difficulties. We know too that part of the trouble here in Canada is doubts about the adequate determination or the ability of the government of Canada to contain inflation. Some of us who have been watching the process have been rather interested in seeing the members of the government trying to set themselves up as the saviours of the country from a situation they largely created themselves.

However, I think there is an increasing area of agreement on some points between ourselves and hon. gentlemen opposite. Certainly the extent of the area of disagreement has been substantially reduced. It now seems to be agreed that the performance of Canada with regard to inflation has been bad. This now seems to be agreed on both sides of the house. This is what the Prime Minister said yesterday, as I understood him and he was not expressing any very different opinions from those that have been expressed by the Minister of Finance (Mr. Sharp).

I think it has been agreed, too, that as a result of this the competitive position of the country has been eroded, although there is some difference of opinion as to how serious the erosion has been. Our view on this side of the house is that it is urgent that inflation be controlled, that that is basic to the competitive position of Canadian industry, that to do this the Canadian government must have a budgetary policy that is related to the conditions of the economy, that it has not had this in recent times, and that the government has not yet demonstrated that it is prepared to adopt it.

I take the position that an appropriate budgetary policy, and the other recommendations laid down by the Economic Council of Canada, are not in themselves enough to achieve reasonable price stability and conditions of full employment, and I have been saying this for some time. When I say that the government has not yet shown any determination to adopt a budgetary policy appropriate to the conditions of the economy I simply refer to the decision made with regard to the medicare program, because certainly the reasons the Minister of Finance gave a year ago for deferring that program apply with far greater force today.

In October of last year the Minister of Finance gave some views about containing inflation. I believe these were the real, deeply held views of the minister with regard to the present situation and how it must be dealt with. On that occasion when he spoke to this house he stated most emphatically that if necessary he was quite prepared to create

some slack in the economy for a period of a year or two in order to remove the inflationary pressures.

It seems to me there is every indication, from what has happened since then, that in the view of the Minister of Finance and of the government substantial unemployment is necessary at the present time in order to meet the existing problem. To me, as I said then and as I have said since, this is an unacceptable solution.

It is true that in November, during the course of his mini-budget, the Minister of Finance made vague reference to some temporary program for encouraging restraint throughout the economy. It was an obscure reference, and when I questioned him in the house about it a few weeks ago, and asked what progress had been made with regard to the development of that program, he was not able to indicate that there had been any consultations outside the government. In fact I got the very distinct impression that very little indeed had been done with regard to exploring the possibilities of this, and certainly the statement made by the Prime Minister yesterday, in which he was unable to indicate the terms of reference or give any real description of the agency or the program that was to be followed, confirmed my view that in fact the government had been doing little or nothing on this program or this approach since last fall.

Certainly there had been no consultation. Certainly a good many months have been lost without the benefit of consultation. Now we are in the position where the best the government can say is that it is going to start consultations with the provinces and with other bodies to see what the terms of reference of this agency ought to be. This is as far as the government has taken us on this matter after all these months. Of course what all this does to the Department of Consumer and Corporate Affairs I would not know. I get the distinct impression that the government does not know either, because its members certainly avoided answering the question when it was asked earlier this afternoon.

I believe that a policy, a program to encourage restraint is essential. I recognize that there are substantial difficulties involved in any such program, but I say in all sincerity that to date the government has shown a complete failure to be able to maintain anything approaching price stability under conditions even approaching adequate employment.

• (4:10 p.m.)

I recognize, and am quite prepared to admit, that there was a good deal of slack in the economy when the government took over in 1963, although it started to move up after 1961. What I am saying now is that inflation has been out of proportion and excessive under this government ever since the rate of employment in this country reached anything approaching an acceptable figure. I do not say this simply to be abusive but rather to emphasize the point that surely, long since this, the government ought to have realized the need for other policies to at least supplement the policies it was following, and, that the policies it was following must lead either to continued uncontrolled inflation on the one hand, or to an eventual resort to deflation and unemployment on the other hand. Certainly at no time during its existence has this government demonstrated it is capable of maintaining an adequate rate of employment and price stability at the same time.

That is one reason that ever since I came here I have placed some emphasis on the need for a positive policy of restraint, guide lines, or whatever one might wish to call it. One can talk about the difficulty involved in a policy of guide lines. But what is the alternative? I think it has been demonstrated that this is difficult if there is inflation or excessive unemployment. This is not a problem just of this year; it is a problem of the times and a problem with which the government ought long since to have been wrestling. I cannot assess the Prime Minister's statement of yesterday. No one in the house nor in the country can assess it because it is so vague. No one knows what it means. All I can hope is that the government finally means business and is determined to move ahead in the area of encouraging a policy of restraint throughout the Canadian economy.

I think it is extraordinary that no serious move has been made in this direction long before this, because we now learn that the governor of the Bank of Canada has been urging the government for more than a year to adopt some such measure as this. In view of what had been happening, in view of the excessive increase in the cost of living and in view of the price level for not a matter of a year but for two or three years, I suggest there has been grave negligence on the part of the government in not heeding the advice of the governor of the Bank of Canada in this respect.

If it took an exchange crisis to bring the government to the point of facing this sort of thing then, well, as I say, it is an ill wind that does not blow somebody some good. It is regretted, however, that so far as I can see the government has not even started to discuss what form this program will take. I do not wish to be unfair to the Minister of Finance. I recognize he has heavy responsibilities; but I should like to say to him, through you, Mr. Speaker, what I feel. I feel that he is really relying on unemployment and a restraint on the growth of the economy to solve his present price problem. It is clear that unemployment is growing. It is clear also that this policy of additional taxation associated with crippling interest rates, scarcity of credit and restraint on the growth of the economy generally will set back for years the efforts to move ahead made in some of the slower growing parts of Canada, like the Atlantic provinces. This policy will set these parts of the country back for years; there is no question about that.

Mr. Sharp: Mr. Speaker, I wonder whether the hon. gentleman would permit a question. I should like to understand his argument and receive some clarification. Does he consider that a reduction in government revenues would add to the amount we would have to borrow and therefore place upward pressure on interest rates.

Mr. Stanfield: I will come to that in a moment, Mr. Speaker. I do not think the alternative is quite as stark, actually, as the hon. minister seems to suggest. If he feels I have not answered his question when I finish I shall be happy to do so if he will remind me. The Minister of Finance said that taxes tend to be both inflationary and deflationary.

Mr. Sharp: That is what my hon. friend said.

Mr. Stanfield: This is what I understood my friend the Minister of Finance to say the other day.

Mr. Sharp: I was interpreting your remarks.

Mr. Stanfield: If the minister wishes to quote my remarks that is one thing, but I wish he would not interpret them.

Certainly I believe it is agreed that these taxes add to the costs and the upward pressure on costs. They could only be considered inflationary in that they tend to reduce effective demand. It seems to be pretty well agreed, however, that demand is not excessive now. We do not have an overheated economy. I do not hear anyone arguing that the Canadian economy is overheated. We do have idle resources, particularly human resources. Canada seems to be getting more of these as the months go by. We have a growing number of unemployed. We have falling profit margins and a further reduction in effective demand is likely to add to the difficulties of the country.

I assume that the Minister of Finance is concerned first of all about establishing financial responsibility by balancing his budget and reducing the demands on the capital markets. I assume also that he wishes to reduce inflationary pressures. When we discuss these matters we do so under some difficulty because we have not had a full budgetary presentation; we ought to have. Of course we are involved in a most extraordinary procedure in which these tax measures have been presented to the country and subsequently to the house. My point today is that we are not considering these proposals in the context of a full budgetary presentation, which would inform us at least what the minister's estimates were about growth, what his assumptions were when he computed his tax levels and things of that sort. So, to a considerable extent we are working in the dark. I hope the minister is not completely in the dark also. Certainly we do not have full information when we discuss these things now.

We do know that the current rate of the economic growth of the country is only about half the optimum or indeed the necessary rate of growth which the Economic Council of Canada has prescribed. We do know that if the country were growing at the optimum rate of growth, if this were conceivable under present circumstances, there would be substantial amounts of additional revenue and a great deal more than what the proposed 3 per cent surcharges would produce during the coming year, which is estimated to be $150 million. The difference between my position and that of the Minister of Finance in respect of his bill is about $150 million net. Of course a relatively slight increase in the rate of growth of the country would produce more than this. Apparently it is not possible for the Minister of Finance to contemplate measures to stimulate the economy, reduce the amount of unemployment and secure additional revenue in that way. I presume he does not feel

that possible because of what he considers to be inflationary pressures in the country. If that is so, then the justifications for the tax increases are anti-inflationary justifications. This brings us to the minister's conviction that the need is to maintain a slow rate of growth with the resulting increase in unemployment in order to contain inflationary pressures. We are then back to the position he took very firmly last October.

• (4:20 p.m.)

I suggest therefore that the justification for increased taxes is not real in terms of additional revenue as such, because as I indicated the other day this could come from a deferment of the repayment of the refundable portion of the corporation taxes, plus an additional saving of $50 million. It is very difficult for the Minister of Finance to persuade me, or the country, that this is not a quite satisfactory alternative to additional taxes.

Mr. Sharp: It is not very satisfactory.

Mr. Stanfield: The minister says it is not very satisfactory. I cannot help but feel therefore that the additional surcharge on taxes is designed not only with revenue in mind but also with the rate of growth of the economy in mind, to act as a deliberate slowdown measure and as the minister's most essential anti-inflationary program. I think this flows from the attitude the minister demonstrated last October when he indicated he was prepared to resort to measures to create some slack in the economy and keep it there for a year or two. I suggest this is involved in the tax measures before us today.

The Minister of Trade and Commerce (Mr. Winters) has described these tax measures as a disincentive. He said this was necessary, although I do not know quite why. If this is necessary because of a lack of confidence in the government to control inflation, then this is perhaps a high price for the Canadian people to pay. High interest rates are due to the rate of inflation and the high bank rate the Bank of Canada saw fit to impose in the circumstances.

One more difference between the Minister of Finance and myself is that I refuse to believe it is necessary to maintain a substantial slack in the economy from time to time to control inflation. I refuse to accept that as a civilized way to proceed. We are going to have, and we certainly have now, a continued inflationary flow with growing unemployment, and I think it is fair to ask how much unemployment we are going to have and for how long.

The other day the Minister of Finance said, if I interpreted him correctly and he will correct me if I am wrong, that my suggestion that there was no need for the imposition of surcharges on taxes, because we could follow the alternative of deferring the repayment of the refundable tax and obtain additional savings, would put too big a restraint on the review board. What sort of board or agency is this going to be, and what sort of effective force is it going to have if it can only work when there is from 4 per cent to 5 per cent unemployment in the country? Surely the purpose of encouraging restraint throughout the economy is to help us maintain something like adequate employment with a reasonable degree of price stability. Do we have to have unemployment to the extent of 4 per cent or 5 per cent before this board can play a helpful role? Is it putting too big a strain on this agency, or whatever it is going to be, to suggest that even with 4 per cent unemployment it needs additional buttressing in the form of additional taxation to contain inflation? It seems to me my hon. friend is indicating once again how little confidence he has in measures such as his government is now proposing.

Mr. Sharp: This is a very interesting argument and I should like to ask the hon. gentleman a question. I am not doing so for the purpose of needling, but rather to get the full gist of his argument. Is he suggesting that we should not be budgeting for a balanced budget this year?

Mr. Stanfield: I think my position is pretty clear, Mr. Speaker, but I will be happy to remove any obscurity that might exist in the mind of the Minister of Finance.

An hon. Member: That would be impossible.

Mr. Stanfield: No, I think I can get this across, if I have not already succeeded.

An hon. Member: You'd have to hit him over the head.

Mr. Stanfield: We are not enthusiastic about this, but I have suggested that we would go along with the proposal to step up corporation taxes. We do not believe that the government needs to resort to the surcharges it is proposing because it can find this $150 million in the other ways I have suggested.

Mr. Sharp: This is the point I should like to clarify. The repayment of the refundable tax is not an expenditure measure.

Mr. Stanfield: When my hon. friend talks about something in the nature of $150 million —and I do not want to get into the position of Mr. Howe—he is talking about forecasts. I do not think my hon. friend can say with complete confidence that his forecasts are so accurate that even with this surcharge he will come up with a balanced budget, or that without it he will not.

Mr. Sharp: I am going to try.

Mr. Stanfield: No doubt the minister will try, and I am sure he will try as long as he is there. I want to say in all sincerity that it is not my purpose to make light of the difficulties that exist. I am really trying to discuss this matter in a serious way.

It is my hope that the government is not so discouraged about maintaining something like full employment along with a reasonable degree of price stability that from time to time it feels it has to create a substantial amount of unemployment in order to return to conditions of stability. As I understand it, the purpose of the agency that is being established is to try to reconcile or make it easier to achieve these two goals.

Yesterday the Prime Minister spoke about the increase in provincial expenditures and said that they were growing more rapidly than those of the federal government. There have been large increases in expenditures in the fields of education, health and welfare. This is true right across the country; it is not just true of one provincial government. This is the general situation I think in which provincial governments find themselves. Indeed the Economic Council of Canada has expressed the view that it is economically desirable that the Atlantic provinces should spend more than they have been able to spend, especially on such matters as education, highway improvement and other measures.

• (4:30 p.m.)

However, I think it is quite correct to say that the provinces today have relatively little flexibility in their financial position. As a result of programs, some sponsored by the federal government, such as the hospital plan, and others, programs designed to equalize educational opportunities throughout the particular province, and so on, the provinces are involved in programs they have adopted which have a very substantial annual built-in escalation. The present government has added to this problem by proposing quite recently that the provinces go ahead with another substantial program with a large annual built-in escalation.

The main point I wish to emphasize is that it does not help at all to point to the increase across the board in the expenditures of the provinces. The forecast made by the tax structure committee, sponsored by the federal government and the provinces, indicated that on the basis of programs then existing the provincial governments would move into positions of increasing deficit whereas the federal government would move into a position of increasing surplus. The lesson I draw from all this is the need for genuine consultation between the federal government and the provinces with regard to priorities. We have not yet had this. The process of consultation has really been considerably discredited by the federal government through insisting on going ahead with, for example, the medicare program, although eight of the ten provinces said they did not approve of the program and it was not the form of medicare program that they wanted.

Certainly a great and urgent need in Canada today is stability and growth. Surely that is where we must put the emphasis. It is not that economic growth is an end in itself. I think a country like ours has to have in mind higher purposes than this. We must think in terms of the quality of Canadian life. I do not believe in the process of cutting back just for the sake of cutting back. Certainly we want to get rid of waste. Certainly we must consider the position of the taxpayer.

I believe that the government has an active role to play in development, and equalizing opportunity and providing better services to the people. But surely we can agree that all of this has to come from economic growth. Economic growth will make it possible for us to do these things. We must therefore think in terms of an expansion of employment and increasing productivity. As I said, I cannot accept the principle that we need substantial unemployment to be rid of inflation. We are not in the position of having an overheated economy.

There are economic situations in which it is difficult to achieve full employment, but ordinarily this is not the case when the United States economy is growing in strength as it has been doing. Latterly we have not been doing as well as they have. In addition to all this, as I say, Mr. Speaker, it seems to me

that the government has been putting additional and unnecessary pressures on the provinces.

Therefore in summary I would say that in the existing circumstances we should not adopt policies which have the effect of creating additional unemployment, when there is already more unemployment than we want to see. We must recognize that an adequate rate of growth is essential to a satisfactory solution of our economic problems. We must bear in mind also the effect of these policies on areas of slow growth in the country.

Certainly the government must practise restraint. I suggest that it must consult with the provinces to work out priorities, and not simply dictate policies to the provinces. We should all be trying to work toward positions of greater flexibility so that this and other governments can respond more adequately to the changing conditions of the economy. We need to adopt a budgetary policy related to the needs of the economy, bearing in mind the priorities in the country. Therefore, I hope the government will get really busy with the program of encouraging restraints in our economy. I hope it will take really seriously the views of the Bank of Canada in this respect, and not merely the views that I have been expressing.

I think the failure of the policies of the government with regard to inflation has been long since apparent. I believe it was a grave mistake for the government not to heed the advice of the Bank of Canada far sooner than it did. The minister seemed to feel the need of some such policy last fall; but even now, more than a year after the governor of the Bank of Canada recommended the policy and many months after the Minister of Finance suggested that he was working toward such a policy, the government is unable to describe to the house the terms of reference of the agency. Even now there has been no consultation by the government with those outside the government with regard to how this program is going to work.

So we need a demonstration of restraint. The government has an opportunity to give the country a demonstration of restraint. We have a responsibility in connection with the unemployed and the maintenance of economic growth. Therefore, sir, in my opinion the surcharges are not necessary to meet the current emergency. I think rather that the government should put more emphasis on restraint and should defer the repayment of the refundable portion of tax rather than resort to additional taxation, which will have the effect of imposing a further restraint on the growth of the economy and will tend to further increase unemployment.

So, Mr. Speaker, I urge the members of the house to oppose the measures put forward by the minister relating to surcharges, on the ground that they are not appropriate to the conditions that exist and they are burdens which are not required to be imposed on the Canadian people at the present time. Also in passing I cannot urge too strongly upon the government its responsibility to proceed seriously and conscientiously with the program of encouraging restraints throughout the economy.

• (4:40 p.m.)

Mr. Ralph Cowan (York-Humber): I wish to make some comments on this Bill No. C-208. I presume that inasmuch as it is going to reduce the happiness now rampant in Canada the entire house should be opposed to its acceptance. I know that in the neighbouring country to the south they are engaged in the pursuit of life, liberty and happiness. I was happy to learn from reading *Hansard* for Monday, February 19, a day upon which I was not in the house, that the Minister of National Revenue (Mr. Chrétien) had emphasized three times that the people of Canada were happy with the 5 per cent surcharge. As the minister said, they should be happy because conditions in Canada are better than in the United States or Great Britain. If they were happy with the 5 per cent surcharge, then how disappointed they are going to be when they are hit with only 3 per cent.

The matter was drawn to the attention of the house by the hon. member for Lapointe (Mr. Grégoire) as you will find if you have been reading *Hansard*, and he advocated that if happiness consisted of having a 5 per cent surcharge on your income tax, why not go to 15 per cent or 20 per cent and make the taxpayers of Canada extremely happy? The thought was not advanced any further because of events that occurred on February 19 to which I do not need to refer. However, I have some comments to make on this bill because I regret exceedingly that the cabinet has brought forward Bill No. C-208, primarily because of clause 2.

Yesterday my friend, the hon. member for York South (Mr. Lewis), spoke at some considerable length. He handled his part of the debate in a masterful fashion. But I, sitting to the right of Mr. Speaker, began to wonder if

my friend was not going a little too far. I felt I should examine his statements. He said, as reported at page 7551 of *Hansard*:

> Indeed he—

—Mr. Pearson—

> —even went so far as to make a statement somewhere in his speech, and I say this with some hesitation about the Prime Minister of this country, which was totally and factually wrong. It was untrue. Somewhere in his speech the right hon. Prime Minister said that our economy is still expanding, although at a slower and more bearable rate. The fact is that our economy is no longer expanding at the present time.

This comment was made by the hon. member for York South, and I looked at him and looked at him. He made the flat statement that it was untrue. I presume we might examine the statement of the Prime Minister in more detail to see just where the truth lies. However, I am one who has always said that actions speak louder than words. If anyone is interested in my stand on the no confidence motion, they can find it set forth clearly in *Hansard* for Tuesday, February 27, when I publicly stated on the floor of this house that

> —The only way you could revive that bill is to prorogue this house and bring the bill in in another session. If you want to do that I will vote for the bill in a new house but I certainly will not vote in any way, shape or form for a revival of Bill No. C-193 in the present session no matter who tries to bring it in.

I said, as reported on page 7058 of *Hansard:*

> If there is no statement made that Bill C-193 will be revived in this session of parliament and if no effort is made to circumvent the Speaker's decision, as the cabinet tried to do in the case of the transport bill, I can support the continuation of the cabinet in office.

I voted accordingly, and after having made the remarks, I feel I cannot support bringing this Bill No. C-193 on which the House of Commons had expressed itself on February 19, back into the house in any manner, shape or form. Now, I should like to refer to other statements made on the same day, February 27, by the Minister of Justice (Mr. Trudeau). I am one who considers that the position of Minister of Justice is the second most important in the cabinet. I hold the Ministry of Justice in such high regard because of comments on innumerable occasions made by Right Hon. W. L. Mackenzie King, who made this remark time after time with regard to Hon. Ernest Lapointe and with regard to Hon. Louis St. Laurent.

The Minister of Justice occupies a position of extreme importance in this country, a position that should never be denigrated in any way by anyone, least of all by the occupant of the position. On February 27, page 7042 of *Hansard,* you will find a report of the speech by the Minister of Justice with regard to this same matter:

> The point I am making now, Mr. Speaker, is that we are not trying...to revive the bill and put it back on the order paper.

Some members of the opposition said, "Try it", and the Minister of Justice said:

> Hon. members say "Try it". It is easy to defy us because we say we would not do so.

Then, the minister goes on:

> I will even go further, and I will say that it is not only the government's intention not to reintroduce this legislation...

There was an interruption by some hon. members who shouted, "Hear, hear". Then, the Minister of Justice said:

> The government recognizes that it is the will of this house not to collect taxes that way.

This refers to the surcharge on income tax of 5 per cent according to Bill No. C-193 and by stepping up the collection of corporation taxes so they would be paid two months closer to the beginning of the fiscal year of the corporation. Those were the two major points of the bill. The Minister of Justice said that the government recognized it was the will of this house not to collect taxes that way.

On the same page, following a question by the hon. member of Calgary North (Mr. Harkness), we find this from the Minister of Justice:

> Mr. Speaker, what I am trying to explain just now is that it is not our intention to bring that bill back.

The minister answered a number of questions and then was asked a question by the hon. member for Lapointe, as reported at page 7044 of *Hansard.* The hon. member inquired if the government considered that Monday night's vote was final, to which the Minister of Justice replied:

> I repeated earlier what the Prime Minister had said previously, namely that the bill had been defeated, that we accepted that decision and would not bring it back before the house.

The Minister of Justice said that the Prime Minister had said the bill had been defeated, and in order to ascertain the exact words the Prime Minister used we need only refer to *Hansard* for February 23, which I have here.

I wish to read the words of the Prime Minister as they appear on page 6921 of *Hansard:*

We, as the government, accept the fact of that rejection.

There are no qualifying words, no clauses. In the bottom right hand corner of page 6921 of *Hansard* we find those words:

We, as the government, accept the fact of that rejection.

On page 6922 of *Hansard* the Prime Minister is reported as saying:

—nor does it ask parliament to reconsider that decision.

• (4:50 p.m.)

Again, Mr. Speaker, as reported at page 6923 the Prime Minister continues:

It does not ask the house to rescind or reconsider any vote.

Then again on the same page:

We have made it quite clear we are not going to ask for further progress on that bill—

I rose yesterday, Mr. Speaker and members of the House of Commons, in an effort to prove that clause 2 of Bill No. C-208 is similar in every way, with the exception of a slight change in the manner of payment, to clause 4 of Bill No. C-193. Bill No. C-208 that the cabinet has seen fit to bring forward is, in my opinion, in direct contravention of the rules of the house. I am not going to say whether it is in direct contravention of the words of the Minister of Justice and the Prime Minister; I will leave hon. members to judge for themselves on that score. I have simply read to the house from the record of this House of Commons. If the hon. member for York South (Mr. Lewis) hesitated, as he said he did yesterday, making the remarks that he did, I regret that it was possible for me to read the remarks of the Minister of Justice and the Prime Minister at this time.

I cannot support this bill, Mr. Speaker, and if it comes to a roll call vote, for the first time since I was elected to parliament I shall vote against the cabinet. There is nothing outstanding about that stand.

Mr. Boulanger: Shame.

Mr. Cowan: I have sat in this house—

Mr. Boulanger: Why don't you get out of the party then?

Mr. Cowan: Make your own speech after I am through, buster.

Mr. Alkenbrack: Trouble in paradise.

Mr. Cowan: Paradise? In stating that I will vote against the party for the first time since I was elected to this house six years ago, Mr. Speaker, I suggest that this action is not untoward. I remember sitting in this house when the parliamentary secretary to the prime minister, as he then was, the present Minister of Justice, in the winter of 1965-66 voted against the party during a committee vote. He was sitting two seats over from me and I moved over and said to him: "Parliamentary secretaries are not supposed to vote against government motions". He leaned over and said to me: "I couldn't care less, my friend. This is a matter of principle to me and I am voting the way I feel".

However, Mr. Speaker, the hon. gentleman was in good company because four seats over from him the then associate minister of defence was also voting against the cabinet of which he was a member. Although these hon. gentleman voted against the party's desires on that occasion, it is interesting to note that they have not felt the discipline of the party. In fact, one has been advanced to Minister of Justice and the other has been promoted from associate minister of defence to minister of defence.

Mr. Muir (Cape Breton North and Victoria): You are next, Ralph.

Mr. Cowan: Don't bet any money on that, boys.

I have nothing further that I wish to say on this question, Mr. Speaker. It is a matter of principle to me. I am sorry it is not a matter of principle to other members of this party.

Some hon. Members: Hear, hear.

Mr. Cowan: I am sorry to see the hon. member for Saint-Maurice-Laflèche (Mr. Chrétien) applauding when we are reducing the happiness that he gave to this nation with this tax. We are now reducing the tax from 5 per cent to 3 per cent. Later on it may be reduced to 1 per cent. If he meant what he said when I quoted him from *Hansard*, if all of us were happy with 5 per cent, why cut it down to 3?

As I say, Mr. Speaker, I cannot vote for this bill that the cabinet has brought to the floor of the house. Clause 2 is too similar in every way to the original clause 4 of Bill No. C-193 for me to support it. I would support the original bill in a new session following prorogation; but I cannot support any repetition of Bill No. C-193, because of the rules of this house.

Might I end, Mr. Speaker, with a little item that I have taken from that great Canadian periodical *Reader's Digest*. You will remember that it was made Canadian overnight and is one of our Canadian thought makers. In the current issue for March there is to be found at page 240 an item that bears on this very point. It is taken from trial testimony submitted by the National Shorthand Reporters Association. They are the official verbatim reporters who cover the courts. We have an overbearing lawyer and a witness and the quotation is:

Q: As a matter of fact, sir, you were so scared that you don't know whether it was a motorcar or something resembling a motorcar that hit you, isn't that true?

A: Well, it resembled one, all right. I was struck by the resemblance.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, when I listen to these debates on fiscal and monetary policy and also when I listen to the Leader of the Opposition (Mr. Stanfield) I am always reminded of a well-known Doukhobor saying to the effect that if you stir the waters long enough you will muddy them so that no one will be able to see the fish.

I must say, having listened to the Leader of the Opposition and read in today's papers what happened in Toronto yesterday, that I cannot reconcile the philosophies of these two gentlemen. I think they are rather out of tune. I suggest to the Leader of the Opposition that he consult with the premier of Ontario to make certain that they are taking the same philosophic approach to taxation policies in this country, policies that represent the view of the Progressive Conservative party.

I intend to be brief, Mr. Speaker, because I do not think there is any necessity for me to repeat many of the arguments that have been made by members on the opposition side of the house in regard to this legislation. Let me say that I entered this debate with every sympathy for the minister, whom I recognize as an honourable man of integrity who is trying to do the best he can from his point of view under these very difficult conditions. However, Mr. Speaker, he suffers from the restrictions that are imposed by government policy. He suffers from the restrictions imposed by his own view of economic affairs and also from the restrictions imposed by all of those persons who occupy comfortable pews in Canada at the present time.

[Mr. Cowan.]

Nevertheless I give the minister credit for his work in connection with achieving complete exemption from United States controls over capital outflow to Canada and the additional $900 million in United States funds as stand-by credits to protect the Canadian dollar. I hope that these two major developments will be successful in maintaining the dollar at its present level. In my opinion, Mr. Speaker, it would be very hard under present circumstances to find fault with the minister's resolute action in defence of the Canadian dollar. This does not tie me in with the international bankers in any respect whatever, but I think it only fair to say that. As to what will be the effect of these actions, Mr. Speaker, I simply quote the Prime Minister's words today—that we must never give up hope. That is the attitude of a great many of us at this time to this aspect of our budgetary problems.

I am of the opinion that this new bill is more equitable than the former bill because it reduces the surtax on individual incomes from 5 per cent to 3 per cent. It also imposes a similar 3 per cent on corporation profits. I have heard some discussion in this connection and am given to understand that this 3 per cent tax on corporations may impose a hardship on small companies engaged in business or in manufacturing. We might hear more about that later in the committee stage.

• (5:00 p.m.)

I want to say a word or two about the Carter report, since it has been discussed a few times. I shall be brief. I see the agonized expression on the face of the Minister of Industry (Mr. Drury) but I intend to pursue the subject. The minister has been subjected to some criticism for his failure to implement the principles of the Carter commission report. However, so far as I am personally concerned, while our group supports the general principles of the Carter report, I am of the opinion that the minister was wise to allow all those interested in its recommendations to make representations to the government and to the various parties in this house. I have been personally advised by officers of the Royal Canadian Legion and other veterans organizations that they were very pleased to have the opportunity to make representations with respect to the proposed taxation of disability pensions.

The Canadian Federation of Agriculture, the national farm unions, the British Columbia Fruit Growers Association, the Beef Growers Association, the co-operatives, credit

unions, various organizations interested in the status of women—I do not know why such an ancient chap as I am should always be getting letters from the ladies with respect to problems only—and other groups have informed the government that they are glad to have the opportunity to make representations with respect to certain recommendations contained in the Carter commission report. I think that was wise. I do not think it was possible to take action on such an important taxation proposal without getting the reaction and representations of those it is intended to affect.

As a strong supporter of the main recommendations of the Carter report, personally I am glad that the government has provided the opportunity for the representatives of these various groups to present their views. However, I am disappointed to know that this bill provides for the taxation of people in receipt of the $105 a month which they have been able to obtain only after passing a means test. Surely here was an opportunity for the government to recognize one of the principles outlined in the Carter commission report, when introducing this bill. I hope when we reach the committee stage some more will be said about this. I trust the minister has a more satisfactory answer than has appeared so far.

I now want to say a word or two about foreign investment, because that has been mentioned in this debate. The problem of foreign ownership of Canadian industry and resources is becoming more and more acute, and members of this party join with many other Canadians in deploring this development, not in a spirit of narrow minded nationalism but rather because foreign ownership and control often brings with it a pattern of industrial development that is not in the interests of the Canadian people. It also makes progressively more difficult the control and management of the Canadian economy by the Canadian people through their elected governments.

When the Regina manifesto was the economic bible of our party—and I still have a lingering affection for the Regina manifesto; I was one of the early pioneers in this movement, you know—this situation would have been handled very easily indeed. We should simply have said, "Let's socialize all these companies," and that would be the end of it.

It may interest you to know, Mr. Speaker, that I was very surprised when talking to that philosopher, polemic and poet of the press gallery, Mr. Arthur Blakely, to hear that he was a strong supporter of the Regina manifesto. However, my spirits drooped when he gave me his reasons. He said he knew our party could never get elected to power while the Regina manifesto was our program. Needless to say, I was very interested in his observation. Since the time of the Regina manifesto our party has changed its policy. It now believes that the crucial issue before the Canadian people is not the nationality of the shareholders of any company, but rather, who determines and guides our national development. It was for this reason that the financial experts of this party discarded at the outset the idea of wholesale or extensive nationalization.

For one thing, our experts say that nationalization is impracticable, since it could not win the public support which is essential for any policy in a political democracy. It is for that reason that the New Democratic party proposes a Canada development fund, under government control, which would channel Canadian savings into investment in public or private enterprises, or a combination of both, to the advantage of the Canadian people as a whole. I think the former president of the privy council has done much to create a climate that is favourable to that idea in this country. He also wrote a book on the question.

I frankly admit I am not expert on financial affairs; I leave those questions to persons who have made a particular study of them, but I am a bit confused about the advantages or disadvantages of a fixed or floating exchange rate. However, Mr. Speaker, my reading on this problem indicates that over the years government of all political stripes have used fixed and floating exchange rates at particular times to meet what were described as national emergencies. I trust that in the near future the minister will inform the house of his reasons for supporting a fixed exchange rate under present circumstances.

I will frankly admit, Mr. Speaker, that my opposition to this bill is not based on intellectual concepts related to the handling of money, but on government policy in general. And here I want to list three or four reasons which induced me to oppose this bill. One of them is inflation. That is a subject that has been extensively discussed in this house and country. Surely all of us realize that inflation is one of the most serious problems we must face at this time and that inflation is the

reason for the increased cost of living, and the consequent increasing injustice suffered by those who are required to live on small fixed incomes—people such as pensioners of various types.

We know that the major cause of inflation in Canada at this time is the war in Viet Nam. Regardless of any bumbling or mistaken policies by this government, that is the major cause of inflation on the North American continent at this time. I might say in that respect that I consulted some persons who are, shall I say, well known in United States banking circles, and they have confirmed this.

The United States is living in a war oriented economy, the effects of which have been felt over the entire North American continent, which suffered a similar experience, though, to a lesser degree, during the Korean war. Therefore in my opinion in the interests of the Canadian people the government ought to do all it can to stop the war in Viet Nam. I am reliably informed that the quickest and most effective way to stop the war in Viet Nam is to prevent the export to the United States of Canadian nickel, which is so essential to the prosecution of that war. I am also informed that nickel is in short supply in Canada and in some other countries, and it is for this reason that the International Nickel Company is borrowing $50 million in the United States for plant expansion.

In this connection, considering former government action, I cannot understand why the government does not consider negotiating an agreement with the United States for nickel on terms similar to those offered to France for the export of uranium and, in so doing, earn the gratitude of all peace loving people, and take a confident step toward stopping inflation and the consequent increase in living costs in Canada, in addition to any other measures that the government of this country ought to take.

I find that in the *Financial Post* for January 27, 1968, Knowlton Nash wrote:

> In Caesar's day, it cost about 75 cents to kill an enemy soldier; in world war II, the cost was up to $50,000 per dead enemy. In Viet Nam it's costing about $1 million for every enemy dead.

That indicates that the war economy of the United States and the cost of the war are the basic reasons for the inflation we suffer from at this time.

• (5:10 p.m.)

I am opposed to this measure because of government policy in this respect. While I am

[Mr. Herridge.]

normally a peaceful man, I am not a congenital pacifist. It is for this reason that as a Canadian socialist, in opposition to the views of some of the leaders of our party at that time, I supported the Canadian government's efforts in the second world war from the commencement, realizing that the Canadian government was fighting Hitler and the nazi philosophy which was a menace to our civilization. I wonder what would be happening now if Hitler had won that war. We would either be dead or in slavery. As I say, I am naturally inclined to be peaceful. Therefore, since about 1950 I have been opposed to Canada's support of NATO and have generally supported the arguments put forward by that well-known United States ambassador, Mr. Kennan. I have had no hesitation about presenting my views on this subject both in this house and in the country.

I must say I was interested to hear this morning that my arguments in this respect, presented at our founding convention in 1961, still linger in the memory of that impeccable, pithy and impartial columnist Mr. Maurice Western who was present on that occasion to hear two of the leading figures argue the case for staying in NATO and two other speakers, one of whom was the hon. member for Kootenay West, speak in favour of Canada's withdrawing from NATO. Anyway, since its founding convention in 1961 this party has been opposed to Canada's continued participation in NATO; we have made it clear that Canada should not remain in NATO, once that organization became a nuclear alliance.

The hon. member for Trinity (Mr. Hellyer), the former minister of national defence, replied to a question addressed to him by the hon. member for Kootenay West by saying, that NATO was a nuclear alliance and that the Canadian air division had a striking capacity 100 times greater than that required to destroy Hiroshima in the second world war. This is another reason I am opposed to the measure before us—because of the expenditures in relation to NATO membership.

What about NORAD? Since our founding convention in 1961, this party has repeatedly questioned whether any significant contribution has been made to the defence of Canada by NORAD. In any case we believe the organization has outlived its usefulness, that the agreements should therefore be terminated and that some of the money spent in this connection could be better spent on providing conventional troops or trained civilians for

the United Nations, or in aid to underdeveloped countries.

The estimates for the Department of National Defence for the coming fiscal year total $1,700 millions. We could have saved at least $700 million of this for a starter had we withdrawn from the NATO and NORAD agreements. This is another reason for my opposition to the bill before us.

I am also opposed to the bill because the government of Canada has refused to use the Bank of Canada to provide the social capital required by federal, provincial and municipal governments for social investment, such as housing, hospitals, schools and other necessary facilities required by governments.

In conclusion, I wish to philosophize to a modest extent in order to place my ideas before the house. I fully appreciate the minister's difficulties occasioned by government policy, his own ideas on economics and the fact that society's technology shapes the lives and the understanding of citizens. The technology of our times, while it is air-conditioned and automated, is still essentially capitalist in its structure and logic. We have more comfort today, but after talking to the dozens of people I meet I question whether the people as a whole are any happier than their parents were 50 years ago; in many cases they have lost their purpose in life, lost their zest for undertaking things and lost their community identity because of the increasing size of our cities.

Mr. Alkenbrack: That is the truest thing you have ever said.

Mr. Herridge: Instead of the obvious exploitation of years past, we have developed a comfortable capitalism which imposes new but more effective forms of social control. However, I cannot resist saying that despite our level of material prosperity, capitalism continues to institutionalize injustice and corrupt the potentialities of human beings. The capitalist system, with all its improvements, has succeeded in seducing the minds of many people who live in greater security and comfort, with the result that the status quo is granted a spurious consent. Individuals are inclined to identify themselves with the existence which is imposed upon them from above and are indoctrinated by the conditions under which they live and think, but are unable to transcend. In my opinion, the unrealized potentialities of many people remain undeveloped, due to an overabundance of goods and services which satisfy their immediate material needs, rendering them incapable of developing the aesthetic side of life which is the foundation of human happiness.

If government policies were designed to give effect to my proposals, that is, to stop the war in Viet Nam, to stop wasteful expenditure on defence and to use the Bank of Canada for social capital, I am confident we would be able to provide a material cultural environment which would enable all Canadians to understand the truth about life, to appreciate goodness wherever found and to enjoy beauty in all its forms.

Some hon. Members: Question.

• (5:50 p.m.)

Mr. Starr: Mr. Speaker, before you put the motion I rise on a point of order. In view of what has transpired previously and in order to save the time of the house and duplication of votes, particularly on this bill, I would ask whether the Prime Minister (Mr. Pearson) would state whether he considers this vote as a vote of confidence.

Some hon. Members: Hear, hear.

The house divided on the motion (Mr. Sharp) which was agreed to on the following division:

YEAS

Messrs:

Addison	Drury
Allmand	Dubé
Andras	Duquet
Asselin (Richmond-Wolfe)	Émard
Badanai	Ethier
Basford	Faulkner
Batten	Forest
Béchard	Gendron
Beer	Goyer
Benson	Granger
Berger	Gray
Blouin	Greene
Boulanger	Groos
Brown	Guay
Byrne	Habel
Cadieux (Terrebonne)	Haidasz
Cameron (High Park)	Harley
Cantin	Hellyer
Caron	Honey
Cashin	Hopkins
Chatwood	Hymmen
Choquette	Isabelle
Chrétien	Jamieson
Clermont	Klein
Comtois	Lachance
Côté (Dorchester)	Laflamme
Côté (Longueuil)	Laing
Côté (Nicolet-Yamaska)	LaMarsh (Miss)
Crossman	Langlois (Chicoutimi)
Davis	Laniel
Deachman	Laverdière
	Leblanc (Laurier)

Division

LeBlanc (Rimouski)
Leboe
Lefebvre
Legault
Lessard
Lind
Loiselle
Macdonald (Rosedale)
MacEachen
McIlraith
McLean (Charlotte)
McNulty
McWilliam
Marchand
Martin (Essex East)
Matheson
Matte
Mongrain
Morison
Munro
Neveu
Nicholson
Noël
O'Keefe
Olson
Orange
Otto
Ouellet
Patterson
Pearson
Pelletier
Pepin
Pilon
Prud'homme
Racine
Reid
Richard
Rideout (Mrs.)
Robichaud
Rochon
Rock
Roxburgh
Ryan
Sauvé
Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Thompson
Tolmie
Tremblay
Trudeau
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Winters
Yanakis—126.

NAYS

Messrs:

Aiken
Alkenbrack
Asselin (Charlevoix)
Baldwin
Barnett
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bower
Brand
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Caouette
Caston
Chatterton
Churchill
Coates
Code
Cowan
Crouse
Danforth
Diefenbaker
Dinsdale
Dionne
Douglas
Enns
Fairweather
Fane
Fawcett
Flemming
Forbes
Forrestall
Fulton
Gauthier
Germa
Gilbert
Godin
Grafftey
Grills
Gundlock
Hales
Hamilton
Harkness
Hees
Horner (Acadia)
Horner (The Battlefords)
Howard
Howe (Hamilton South)
Howe (Wellington-Huron)
Jorgenson
Keays
Kindt
Knowles
Korchinski
Lambert
Langlois (Mégantic)
Laprise
Latulippe
Lewis
Loney
MacDonald (Prince)
MacEwan
MacInnis (Cape Breton South)
MacInnis (Mrs.)
MacLean (Queens)
Macquarrie
MacRae
McCleave
McCutcheon
McIntosh
McKinley
McLelland
McQuaid
Madill
Mandziuk
Martin (Timmins)
Mather
Monteith
Moore
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Nowlan
Nugent
Orlikow
Ormiston
Pascoe
Peters
Prittie
Pugh
Rapp
Régimbal
Ricard
Rynard
Saltsman
Schreyer
Scott (Victoria (Ont.))
Simard
Simpson
Skoreyko
Smallwood
Smith
Southam
Stanfield
Starr
Stefanson
Thomas (Middlesex West)
Valade
Wadds (Mrs.)
Watson (Assiniboia)
Webb
Winch
Woolliams—116.

• (6:00 p.m.)

Mr. Speaker: I declare the motion carried.

Mr. Pennell: Mr. Speaker, I was paired with the hon. member for London (Mr. Irvine). Had I voted, I would have voted for the motion.

Mr. Herridge: Mr. Speaker, I was paired with the hon. member for Davenport (Mr. Gordon), who was called away on official business. Had I voted, I would have voted against the bill.

Mr. Ballard: I was paired with a member of the administration, the hon. member for Verdun (Mr. Mackasey). Had I voted, I would have voted against the motion.

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

HOUSE OF COMMONS

Thursday, March 14, 1968

The house met at 2.30 p.m.

[*Translation*]

RURAL DEVELOPMENT

TABLING OF FIRST REPORT OF CANADIAN COUNCIL

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, I am pleased to table, in French and in English, the first report of the Canadian Council on rural development.

Mr. Speaker: Has the hon. member leave to table the said report?

Some hon. Members: Agreed.

[*English*]

NORTHERN AFFAIRS

TABLING OF AGREEMENT WITH ANVIL MINING CORPORATION

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I desire to table two copies of an agreement between Her Majesty the Queen in right of Canada and Anvil Mining Corporation Limited.

Mr. Speaker: Has the minister leave to table these documents?

Some hon. Members: Agreed.

IMMIGRATION

PROVISION FOR APPEAL WHEN BAIL REFUSED

Mr. Eldon M. Woolliams (Bow River) moved for leave to introduce Bill No. C-209, respecting the Immigration Act and the Immigration Appeal Board Act (immigrants' bail).

Mr. Starr: Explain.

Mr. Woolliams: Briefly, this bill seeks to amend the Immigration Act and the Immigration Appeal Board Act so that where an inquiry officer refuses bail to an immigrant who is incarcerated in Canada while waiting for his hearing, or where that immigrant has been refused an application by the appeal board, he can appeal to a supreme or superior court in the province.

Motion agreed to and bill read the first time.

NORTHERN AFFAIRS

REDUCTION IN BUDGET FOR NORTHERN HEALTH SERVICES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. In view of the federal responsibility to the native peoples of Canada for health and welfare, will the minister use his influence with the Minister of National Health and Welfare to rescind recent cut-backs and decreases in federal government service in this vital field?

Mr. Speaker: Order, please. I suggest that question is not acceptable. The hon. member is asking the minister if he will use influence with another minister. That is not a proper form of question.

Mr. Dinsdale: Then may I rephrase my question and direct it once more to the Minister of Indian Affairs and Northern Development. Is the minister aware that a directive has gone out from the Department of National Health and Welfare to chiefs and councillors in Canada indicating that the federal government has been forced to reduce many of its programs, and that resources available for health services to Indian people have also been greatly reduced?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): No, Mr. Speaker, I am not so aware.

Mr. R. J. Orange (Northwest Territories): A supplementary question to the Minister of National Health and Welfare, Mr. Speaker. In view of the conflicting reports which one hears about this matter would the minister, as house leader, consider calling the health and welfare committee to determine whether in fact there have been cut-backs in these programs?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): In reply to the question asked by the hon. member for the

Northwest Territories I should like to say that the funds available for health services in the north for the forthcoming year will be as great as in the preceding year if not slightly greater. In that year the funds for this service were increased by 14 per cent. We have not been able to maintain that rate of expansion for the northern people because of the current situation, but there is no reduction in the amount of estimated expenditure for the northern people for the forthcoming year.

We have, however, been obliged to review the services which have been provided, though I wish to assure my hon. friend that there will be no reduction in the number of institutions operating in the north. At the present time I am personally conducting an extensive and detailed review of this situation, and until this is concluded I should not like to prejudge the question of sending the matter to a parliamentary committee.

Mr. Dinsdale: For the sake of clarifying this vital issue would the minister agree to table the documents which have gone out to the various branches of the Department of National Health and Welfare responsible for the health care of native Canadians, both Indians and Eskimos, indicating that there have been specific instructions to reduce expenditures in this field?

Mr. MacEachen: I shall be glad to investigate the possibility of tabling any appropriate communications, but I wish to assure the hon. member that no reduction of expenditure is proposed for the forthcoming year either in northern services in general or in Indian health services.

Mr. T. C. Douglas (Burnaby-Coquitlam): Can the minister assure the house that Indians will continue to be entitled to hospital and medical care without having to prove indigence, as was reported on the C.B.C. last night?

Mr. MacEachen: I understand that in the past we have been assisting Indians where indigency existed. I do not believe the hon. gentleman has made a particularly relevant point with respect to the previous practice.

Mr. Douglas: May I ask the minister this. In view of statements made by Manitoba doctors and carried over the C.B.C., has a directive gone out, or is one in contemplation, notifying the authorities that from now on, or in the near future, Indians will not be given the medical and hospital services they have received heretofore unless they can prove they are indigent?

Mr. MacEachen: I want to tell the hon. member that a directive has gone out from the director general of medical services in the department to his senior officers in the various regions of Canada indicating the type of services which the department will be able to offer to Indians in the coming year. I wish to make it very clear that we are not reducing expenditures as compared with last year's expenditures on these items. We have, however, been unable to maintain the rate of expansion in terms of expenditure that we did in the previous year, and because of this we have been obliged to review the nature of the services we have been offering to the Indian population.

Some hon. Members: Oh, oh.

Mr. MacEachen: I have already stated in reply to my hon. friend from the Northwest Territories that I am personally conducting a detailed review of this situation with my colleagues.

Mr. Robert Simpson (Churchill): A supplementary question for the Prime Minister. Can the Prime Minister tell us whether he has received a telegram from the premier of Manitoba asking for clarification of this new policy, and whether he has had time to reply?

Right Hon. L. B. Pearson (Prime Minister): To my knowledge, Mr. Speaker, I have received no telegram from Manitoba. I think my hon. friend said the premier of Manitoba. I do not recall receiving one, but I will check as soon as I get back to my office.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would ask the Minister of National Health and Welfare in his capacity as house leader if he would forthwith refer his estimates to the appropriate committee so it could test the accuracy of the statements he has made.

Mr. MacEachen: Mr. Speaker, the hon. member surely can test the accuracy of my statements in this house.

Mr. Dinsdale: Mr. Speaker, I rise on a question of privilege. It arises from part of the reply by the Minister of National Health and Welfare indicating that no directive has gone out to the field to reduce medical services to our native Canadians. If this is so I wish to ask him who authorized the letter that went to all the Indian bands and councils across Canada.

Mr. Speaker: Order. That is obviously not a question of privilege.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. Perhaps the question might be allowed as an inquiry rather than as a matter of privilege.

Mr. MacEachen: Mr. Speaker, I do not wish there to be any suggestion that the hon. member has been misled. I have said there has been no directive indicating a reduction in expenditures in comparison with the preceding year. As a matter of fact in both the northern health services and the Indian health services there has been a slight increase in the proposed estimates. The hon. member asked whether I would table any such correspondence or directives. I will consider the possibility of tabling the directives that have emanated from the department indicating the pattern of services the department presently finds it possible to make available. I have not stated there has been no rearrangement of these services; there has. I stated to the hon. member for Burnaby-Coquitlam—

Mr. Speaker: Order, please. I suggest to hon. members that we have had several supplementaries, and a number of members are awaiting an opportunity to ask other questions. We shall probably have time to return to this matter later on during the question period.

[*Translation*]

PUBLIC SERVICE

INQUIRY AS TO LANGUAGE REQUIREMENTS IN ADVERTISEMENTS

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister.

The Public Service Commission of Canada published recently circular No. 68-ID-3050, with regard to the position of assistant director of production at the printing bureau of the Canadian government in Hull. One of the special requirements to qualify for the position—

Mr. Speaker: Order. The hon. member should ask his question as briefly as possible.

Mr. Caouette: I am coming to that, Mr. Speaker, but hon. members have to know what it is about, and I quote:

> This position requires a knowledge of the English language but a knowledge of French would be considered an asset in the assessment of candidates.

Can the right hon. Prime Minister tell us whether, eventually, it will be mentioned in those circulars that the French language is just as essential as the English language, or whether it is only as asset?

Mr. Speaker: It seems to me that question is more in the nature of a grievance, and I do not think it is in order for that reason.

Mr. Caouette: Mr. Speaker, I shall put my question differently.

Will the right hon. Prime Minister require, in the name of the bilingualism which he champions in Canada, that the Public Service Commission put French on the same footing as English when advertising competitions?

Mr. Speaker: I admit the question is very important, but it is much too general in nature and, therefore, it should be placed on the order paper.

[*English*]

ADMINISTRATION OF JUSTICE

HAL BANKS—REFUSAL OF EXTRADITION BY U.S. GOVERNMENT

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I would like to direct a question to the Minister of Justice. Has the government been advised why the United States government has refused the application of the province of Ontario for the extradition of Hal Banks?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, this is a matter which is handled by the Department of External Affairs, and our excellent Secretary of State for External Affairs might want to answer the question.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the government has been notified by the United States Secretary of State that he has declined the request of the government of Canada for the extradition of Hal Banks charged with perjury committed in Ottawa. The ground for the decision of the Secretary of State is that extradition is sought on a charge of perjury arising directly out of the denial of guilt of a non-extradictable offence.

It is the view of the Canadian authorities that this exception does not exist under the terms of the extradition convention between Canada and the United States. In these circumstances the Canadian government is

requesting that the Secretary of State reconsider his decision in the light of the provisions of the treaty or, alternatively, consent to the adjudication of this treaty interpretation question by an international tribunal.

IMMIGRATION

ADMISSION OF SEASONAL FARM LABOUR FROM WEST INDIES

On the orders of the day:

Mr. J. E. Madill (Dufferin-Simcoe): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration. Have arrangements been made this year for the entry into Canada of seasonal labour from the West Indies for the market gardening and canning industries?

Hon. Jean Marchand (Minister of Manpower and Immigration): Yes, Mr. Speaker.

Mr. Madill: I have a supplementary question, Mr. Speaker. Why has the minimum wage rate been so drastically increased?

Mr. Speaker: Order, please. The supplementary is not in order.

[*Translation*]

SASKATCHEWAN—ACCEPTANCE OF APPLICANTS FROM KENYA

On the orders of the day:

Hon. Jean Marchand (Minister of Manpower and Immigration): While I am on my feet I should like to answer the hon. member for Mackenzie (Mr. Korchinski) who asked me the other day whether the hon. premier of Saskatchewan had offered to co-operate with us or contact us with regard to Kenya immigrants.

I wish to reply affirmatively. The Saskatchewan premier offered to help us, with a view to accepting Kenya immigrants in the province of Saskatchewan.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to put a supplementary question to the Minister of Manpower and Immigration who tells us that the Saskatchewan premier is ready to accept immigrants from Kenya.

Did the Saskatchewan premier say whether that was meant to replace the people who left that province under the C.C.F. administration?

[*English*]

Mr. Douglas: They are leaving under the Liberals.

[Mr. Martin (Essex East).]

[*Later:*]

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to address a question to the Minister of Manpower and Immigration. I am sorry I did not hear him when he spoke but I did not have my earpiece on and could not follow the minister in my lousy French. My question is as follows. Did the premier of Saskatchewan indicate the number of immigrants he was prepared to accept at this time?

Mr. Marchand: Mr. Speaker, may I reply in my lousy English. The answer is yes, about 10 or 12 families.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the acting secretary of state. Would the minister make representation to the Board of Broadcast Governors regarding the need to have the radio and television frequencies free and clear from static and other interferences on March 22?

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Prime Minister. Were any new government policies announced by the government through the program "Twenty Million Questions" last evening, in keeping with the recent precedents established in this regard?

Mr. Speaker: Order, please. This question is aggressive.

Some hon. Members: Oh, oh.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to put a question to the Minister of Finance.

Since the presentation of the annual report of the Bank of Canada, has the minister met with the governor of the bank to discuss ways to fight inflation, and what salary reduction has he accepted?

[*English*]

CONSUMER AFFAIRS

INVESTIGATION INTO GROCERY RETAILING IN WESTERN PROVINCES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct this question to the Prime Minister in the absence of the Minister of Consumer and Corporate Affairs. Two days ago I asked the Minister of Consumer and Corporate Affairs a question in reference to Judge Batten's report concerning the investigation into the high cost of groceries in western Canada. In view of the fact that the minister has now agreed to have the combines investigation branch take a look at the high cost of groceries in western Canada, is it the government's intention to confine this investigation to the west and not include the rest of Canada?

Right Hon. L. B. Pearson (Prime Minister): I will discuss the matter with the minister.

Mr. Woolliams: May I ask a supplementary question, Mr. Speaker. Does the Prime Minister consider that the decision in this regard will somewhat usurp the function and jurisdiction of this agency and/or board described by him in his recent speech?

Mr. Speaker: Order. The question is not in order.

INDUSTRY

SYDNEY, N.S.—AVAILABILITY OF PREVIOUS LOAN TO STEEL COMPANY

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Prime Minister. In his most recent correspondence with Premier Smith he referred to the amount of $1.7 million loaned to Dosco as being available to assist in the steel crisis.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I assume my hon. friend is referring to the last communication I sent to the premier of Nova Scotia. I have asked the premier whether he is agreeable to my tabling this communication, which I would like very much to table. He asked me to hold off for a day or two so he would have an opportunity to examine it further. His letter to me has already been tabled.

Mr. MacInnis (Cape Breton South): I have a supplementary question for the Prime Minister, Mr. Speaker. It is based on a newspaper article which refers to the government's intention to allow the $1.7 million previously loaned to Dosco to be made available in the steel crisis. My question relates to a statement made in this house by the Minister of Justice and a letter of the Prime Minister in which it was said that in addition there is a question of a possible claim by—

Mr. Speaker: Order, please. Would the hon. member please ask his question?

Mr. MacInnnis (Cape Breton South): I should like to ask the Prime Minister to explain the statement in a letter over his signature that there is in addition a possible claim by the federal government against Dosco in respect of $1.7 million. When did the government decide that it did have a claim, and why did the Minister of Justice not answer this question which has remained unanswered for a long time?

Mr. Pearson: Mr. Speaker, may I ask the hon. member the date of the letter to which he has referred?

Mr. MacInnis (Cape Breton South): January 23, 1968.

HEALTH AND WELFARE

MEDICARE—FAILURE OF ALBERTA PLAN TO QUALIFY

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to ask the Prime Minister whether he can advise the house when he intends to reply to a letter from Premier Manning dated some time early in December asking in what way the Alberta health plan did not comply with the legislative requirements of the federal medicare plan.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think I have replied to that letter, but I will check. I think the letter to the premier went out last Saturday.

LABOUR RELATIONS

MONTREAL—INQUIRY AS TO MEETING OF CONCILIATION BOARD

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, I should like to ask the Minister of Labour whether the conciliation board chaired by Associate Chief Judge Gold, which the minister referred to in answer to a question on Monday last, has commenced its hearings. If not, has the minister any information as to when such hearings might commence?

Inquiries of the Ministry

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I thank the hon. member for giving me notice of his question, thereby affording me an opportunity to get an up to date report. I am informed that the conciliation board will hold its first meeting tomorrow. I might say that, since his appointment as chairman, the associate chief judge has been doing intensive research on the subject, getting background information, etc. Perhaps I should add that the Minister without Portfolio, my former parliamentary secretary, at my request has been working closely with the parties informing them of the assistance available from the department and in other ways. Actual hearings open tomorrow.

AGRICULTURE

INQUIRY AS TO CONSIDERATION AND REVIEW OF PROGRAMS

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): Mr. Speaker, in view of the severe economic upheaval caused to farmers by the sudden closing of the Chatham sugar refinery, has the Minister of Agriculture instituted any inquiry regarding this season's plans of other Canadian food producers, particularly regarding the effect on seasonal contracting?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the question of contracting and seasonal plans for various segments of agriculture is under continuing review by the department. I do not know whether my hon. friend has any specific area in mind, but I know of no special programs at the present time apart from the normal course of constant review by the department of these programs.

Mr. George Muir (Lisgar): Mr. Speaker, I should like to know whether the minister is now in a position to announce a floor price for sunflower seeds in order that the producers may make plans for the current growing season.

Mr. Greene: Mr. Speaker, any announcement in respect of floor prices would be by the stabilization board in the normal course. There is no specific announcement today in respect of this program.

Mr. J. H. Horner (Acadia): Mr. Speaker, I should like to ask a question supplementary to the question asked by the hon. member for Kent, Ontario. Has the minister or his department, on the advice of his advisory council, established a policy specifically in respect of sugar beets?

[Mr. Ormiston.]

Mr. Greene: Mr. Speaker, the government's policy has always been very clear in respect of sugar beets. It is to support the sugar beet growers, I think to the tune of some $6 million last year, and this is a program with which the growers were very well satisfied if my understanding is correct. The national purpose of the support program has been to support the Canadian sugar beet growers until such time as there is a world agreement in respect of sugar prices.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, will the Minister of Agriculture indicate now whether he has a report in respect of the brief submitted last October by the food producers of Canada and the Canadian Horticultural Council in respect of the importation of Australian canned goods into Canada?

Mr. Greene: Mr. Speaker, I believe the problem that was brought to our attention in the brief referred to by the hon. member has been before a joint committee of officials with respect to finding an ultimate solution. I believe that committee will report very shortly. Any action that is required as a result of their deliberations will be announced in the near future.

Mr. Pugh: A further supplementary question, Mr. Speaker. Would the minister indicate whether the whole question of the hardship caused to Canadian processors has been taken up with Australian government officials?

Mr. Greene: I am sure that officials not only of our department but of other departments of government have been in consultation with the Australians in regard to this very serious problem as it affects the peach canning industry in particular. If any action is required on either an unilateral or bilateral basis, of course it will be announced in the normal and proper fashion.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I would like to ask the Minister of Agriculture if he has decided whether to refer the question of the operation of the agricultural stabilization board to the standing committee after the reconvening of parliament.

Mr. Greene: Mr. Speaker, the operation of the stabilization board and the officials of the board, if my memory serves me correctly, were before the standing committee when the estimates of the department were before the

committee last year, and following the resumption of hostilities here in the house—

Some hon. Members: Oh, oh.

Mr. Greene: —I am very certain the new estimates will be before that committee, and certainly they would be very free to examine the officials of the stabilization board when the estimates are before the standing committee.

FINANCE

INQUIRY AS TO POSSIBLE ACTION TO AVERT WORLD CRISIS

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Prime Minister of which I have given him notice. Have countries no alternative but to wait out the alarming challenges to their monetary systems now being made by hoarders and speculators, or are plans well advanced for a world system based on the real worth of nations?

Mr. Speaker: Order, please. The hon. member will recognize that the question is argumentative.

[Later:]

Mr. Fairweather: Mr. Speaker, I have purged my question of any argument. I will again ask the right hon. Prime Minister whether plans are well advanced for a world monetary system based on the real worth of nations and immune from present challenges.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am sure my hon. friend knows that at the last meeting of the International Monetary Fund in Brazil, which I believe was held in October, proposals were made for special drawing rights which would buttress the existing international arrangements. Unfortunately those proposals have not yet been agreed to by all the governments concerned, but they are being very actively considered. I believe there is to be a meeting at the end of the month, in Stockholm I think, where I hope further progress will be made.

I hope before that time the situation on the international monetary scene will have improved so that progress can be both convincing and enduring. It is certainly necessary that a more stable currency and exchange basis be established for international trade and payments. This is a matter not only for economic co-operation but also for international and political co-operation. The lack of this has been one of the reasons for the delays we have faced in working out these new plans.

PRIVILEGES AND ELECTIONS

IMPLEMENTATION OF REPORT OF COMMITTEE ON ELECTION EXPENSES

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Prime Minister. In view of the fact that only two out of 12 Liberal members attended an organization meeting of the committee on privileges and elections to which the report of the committee on election expenses was referred, could the Prime Minister assure the house that the government continues to be concerned about studying and implementing the report—

Mr. Speaker: Order, please. The hon. member's question, of course, alludes to the operations and procedures of a committee, and as such it is not in order.

Mr. Brewin: With respect, Mr. Speaker, my question relates to the policy of the government in this respect. May I finish my question? Will the Prime Minister tell the house whether the government is continuing its interest and concern in studying and implementing—

Mr. Speaker: Order, please. The hon. member for Halifax (Mr. Forrestall).

CANADIAN BROADCASTING CORPORATION

ALLEGED SUPPRESSION OF FILMED INTERVIEW WITH NIGERIAN OFFICIAL

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question was for the Secretary of State, who keeps disappearing. In her absence—

An hon. Member: That is no mean trick.

Mr. Forrestall: I see that the hon. lady has returned to the chamber. If I were poetic like the senior member for Halifax I might wax eloquent in this regard. Might I ask the Secretary of State a rather serious question. Can she indicate to the house why there was suppression of a recent C.B.C. interview with

Dr. Mbadiwe, of the Biafran region of Nigeria, which was filmed for television purposes?

Mr. Speaker: Order, please. I would think the question should be placed on the order paper. If there is urgency in it the hon. member might give me notice so we could consider the matter at the time of adjournment.

Mr. Forrestall: On a point of order, Mr. Speaker—and you will have to direct me; it may be a question of privilege—the question I am raising is one involving the suppression of legitimate news in Canada, and news of an area in the world—

Mr. Speaker: Order, please. I fully recognize the importance of the matter, but the hon. member is asking why certain action has been taken by the corporation. I would think a question asked in this way is not of the type which can be put as a verbal question at this time.

Mr. Forrestall: Might I rephrase my question in this way, Mr. Speaker. I accept your judgment and your wisdom. Can the minister indicate whether a recent filmed interview was suppressed—

Mr. Speaker: Order, please. Both the original and the rephrased question might be placed on the order paper.

CRIMINAL CODE

POSSIBLE AMENDMENTS FOLLOWING DECISIONS RESPECTING HABITUAL CRIMINALS

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Justice. I assume his attention has been called to the recent important decisions of the Supreme Court of Canada dealing with habitual criminals. Would the minister have his officers make a close examination of those decisions, and would he report to the house his views as to whether amendments should be made to the Criminal Code to clarify the existing provisions?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, as the hon. member knows the omnibus amendments now being proposed to the Criminal Code include amendments in respect of this matter. I will consider, in the light of these decisions, whether further amendments should be made; but I would like to have the Criminal Code amendments considered as soon as possible.

[Mr. Forrestall.]

[*Translation*]

SHIPPING

INQUIRY AS TO PROVISION OF INSTRUCTION IN NAVIGATION

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I should like to put a question to the Minister of Transport.

Because of the little interest and the lack of co-ordination and planning shown by Quebec with regard to maritime training, does the minister intend to take over the responsibility for such training as required by Quebec maritime interests?

Mr. Speaker: It seems to me that, in its present form, that question is out of order. Since it is based on an allegation, it cannot be deemed acceptable.

[*English*]

LABOUR CONDITIONS

NORTH SYDNEY, N.S.—REQUEST FOR ASSISTANCE FOR DOCK WORKERS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, may I direct a question to the Minister of Manpower and Immigration which is related to questions I have posed previously to the Prime Minister and the Minister of Transport concerning the forthcoming large scale lay-offs by the C.N.R. of dockworkers at North Sydney.

I ask the minister whether, in view of the fact that these lay-offs will involve an estimated minimum of 600 workers, with extreme hardship and dislocation caused to them, he will appoint a special task force from his department to operate on the spot to ascertain whether alternate employment can be found for these workers.

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, the situation requires that we deal with it in a special way, not necessarily by appointing a task force, but we will surely send people so that these workers may benefit by all the services of the department as soon as possible.

[*English*]

Mr. Muir (Cape Breton North and Victoria): A supplementary question, Mr. Speaker. The minister referred to benefits. In view of the fact that these lay-offs are brought about by modernization and technological change in a

crown corporation, will these workers be eligible for transitional assistance benefits during the period required to find permanent employment?

[*Translation*]

Mr. Marchand: Mr. Speaker, I think that, generally speaking, these workers are entitled to all the benefits of manpower programs. I cannot say this applies to each and every one of them—we will have to consider each individual case—but, generally speaking, the programs certainly apply to these workers.

[*English*]

STEPS TO STIMULATE EMPLOYMENT IN CONSTRUCTION INDUSTRY

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In view of the statement by the president of the Canadian Construction Association that the construction industry in Canada faces serious unemployment before the fall, and in view of the obvious time lag in the construction industry between planning and construction, could the Prime Minister take an early occasion to indicate to the house whether the government has any plans on hand or in mind to stimulate employment in the construction industry by autumn?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker.

Mr. David MacDonald (Prince): I have a supplementary question for the Prime Minister. Would the Prime Minister not think that one very important way of dealing with this problem might be the resumption of the Northumberland crossing project?

UNITED NATIONS

CYPRUS—CONTINUED CANADIAN PARTICIPATION IN PEACE KEEPING FORCE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. In view of the request from the Secretary General of the United Nations that the Cyprus mandate be renewed, would the minister tell us whether Canada intends to renew her commitment to the peace keeping force?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the request of the Secretary General has not yet been officially received, but if it is the matter will be brought to the attention of my colleagues for their consideration.

FINANCE

TERMS AND CONDITIONS OF NEW HOLDINGS OF U.S. SECURITIES

On the orders of the day:

Mr. M. W. Martin (Timmins): I should like to direct a question to the Minister of Finance arising out of the recent government decision to transfer all our United States dollars to non-liquid or non-negotiable securities. Could the minister inform the house as to the term and interest rates of the new United States securities held by the Canadian government?

Hon. Mitchell Sharp (Minister of Finance): These are now being negotiated. I am not in a position to reveal this information because the terms have not been settled, but I can assure the house that these securities will be payable on demand.

Mr. Martin (Timmins): I have a supplementary question, Mr. Speaker. Could the minister assure the house that these securities will be payable in less than 365 days?

Mr. Sharp: Yes, Mr. Speaker. As I said, these securities can be cashed whenever they are needed to supplement our reserves.

INCOME TAX

INQUIRY AS TO REVISED SCHEDULE OF DEDUCTIONS

On the orders of the day:

Mr. A. D. Hales (Wellington South): I should like to address my question to the Minister of National Revenue. On February 29 the minister advised the house that his department was preparing a revised schedule of income tax deductions which would be mailed to employers by the middle of this month, which is tomorrow. I should like to ask him whether copies of this schedule have been prepared and sent out.

[*Translation*]

Hon. Jean Chrétien (Minister of National Revenue): Mr. Speaker, those forms have not been prepared, due to the revised financial policy, but we think that we will be in a position to send them for April 1 with the 3 per cent rate.

Inquiries of the Ministry

[*English*]

Mr. Hales: I have a supplementary question, Mr. Speaker. Will copies of the revised schedule be produced right away and sent to employers?

[*Translation*]

Mr. Chrétien: Mr. Speaker, those forms are being prepared, but I do not think that they will be ready for a few days yet.

[*English*]

NATIONAL DEFENCE

REQUEST FOR DELAY IN TRANSFERS BETWEEN MARITIME BASES

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I should like to direct a question to the Minister of National Defence and ask him whether he would agree to the request made to him in a telegram today or yesterday by the premier of Nova Scotia to delay any move on the proposed transfer of men between Summerside and Greenwood until Nova Scotia has had an opportunity to present a brief.

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I am sure that in the present circumstances the brief will arrive before the decision is implemented.

Mr. Robert McCleave (Halifax): I have a supplementary question, Mr. Speaker. In view of the fact that both economic and military considerations are involved in this matter, would the minister consider referring the question of base consolidation and shifts between bases to the standing committee of the house?

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is supplementary to the one directed to the Minister of National Defence. I should like to ask him, in the light of his reply to the hon. member for Digby-Annapolis-Kings, whether the department has not yet made a final decision to transfer the search and rescue facility from Greenwood to Summerside.

Mr. Cadieux (Terrebonne): I am sorry if I indicated that, Mr. Speaker, because the decision has been made. I was referring to the implementation.

Mr. David MacDonald (Prince): Mr. Speaker, my question is for the Prime Minister. It has to do with some of the questions raised this afternoon and others raised by myself earlier having to do with the reduction in strength of the Canadian forces base at Summerside, with a possible loss of revenue of one and a half million dollars. Will the Prime Minister indicate, as he did earlier, that the government will accept responsibility for this further difficulty to the depressed economy of the province and seek ways to make adjustments?

Mr. Speaker: Order, please. The question is argumentative.

ADMINISTRATION OF JUSTICE

PROSECUTION OF DISTRIBUTORS OF U.S. MAGAZINE FOR BIRTH CONTROL ADVERTISEMENT

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I sent the Minister of Justice notice of this question. Does he plan to prosecute the distributors of *Red Book* magazine, which carried in its March issue an advertisement on birth control in contravention of section 150 (2)(c) of the Criminal Code?

Hon. P.-E. Trudeau (Minister of Justice): I thank the hon. member for giving me notice of his question, but he should realize this is a matter for provincial authorities and not for the federal government.

Mr. Prittie: I have a supplementary question for the Postmaster General. Have the regional postal authorities in Vancouver referred this matter to him, since *Red Book* is an imported magazine?

Hon. Jean-Pierre Côté (Postmaster General): I did not hear the first part of the question, Mr. Speaker.

Mr. Speaker: Order, please. Since we are running short of time, perhaps the minister might take notice of the question and answer it tomorrow.

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, my question is directed to the house leader and relates to the question asked earlier by the hon. member for Burnaby-Richmond. Will the house deal in this session with Bill S-22, item No. 60 on the order paper?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker.

INCOME TAX

DEDUCTIONS RESPECTING AIRCRAFT PROVIDED LIBERAL LEADERSHIP CANDIDATES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Revenue. Will the companies which are donating aircraft to the Liberal leadership candidates be allowed tax deductions on these donations, so they may pass half the cost on to the taxpayers of Canada?

Mr. Speaker: Order, please. Orders of the day.

WATER RESOURCES

PEMBINA RIVER—REQUEST FOR REPORT ON DISCUSSIONS

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I am rising on a point of order. I have been trying to catch Your Honour's eye for the last 25 minutes in order that the Secretary of State for External Affairs may be allowed to answer a question I asked him yesterday. Would Your Honour allow it at this time?

Mr. Speaker: Yes, if there is agreement in the house to go beyond the time allotted.

Some hon. Members: Agreed.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should have volunteered the answer which I promised to give. Yesterday my hon. friend asked what progress was being made in considering the water resource project on the Pembina river which the International Joint Commission has recommended for development by Canada and the United States.

Officials of the federal government have given the report careful consideration. There have been exchanges between the federal and provincial authorities on this subject, and it is expected that these exchanges will shortly result in an agreement on the Canadian position with regard to the project. When this takes place, Mr. Speaker, we will then take the matter up further with the United States government.

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee to consider Bill No. C-208, to amend the Income Tax Act.

Motion agreed to and the house went into committee, Mr. Batten in the chair.

On clause 1—*Gifts to Her Majesty.*

Mr. Bell (Carleton): Mr. Chairman, so far as it goes I think this clause is one which would commend itself to the committee. Indeed, it is the only reasonable clause in what is a bad bill. However, what I should like to ask the minister is why he has restricted this exemption to the provinces. Why not apply this exemption as well to the municipalities or to the agencies of provincial governments? I have in mind, Mr. Chairman, such organizations as the Ontario Heritage Foundation which, for example, has been set up in an attempt to preserve historic sites in the province of Ontario—

The Chairman: Order. I apologize for interrupting the hon. member but it is a little difficult for the Chair to hear what is being said. May we have order, please?

Mr. Bell (Carleton): Mr. Chairman, I was saying that I had in mind such agencies as the Ontario Heritage Foundation, with which the Minister of Indian Affairs and Northern Development has recently entered into an agreement for the preservation of historic sites in the province of Ontario, an agreement of which I think all of us would approve.

It seems to me, Mr. Chairman, that if this particular clause is good in relation to provinces it ought to be good as well in relation to provincial agencies and municipalities. The committee will be aware of the interest I have taken in this matter, since I put a question on the order paper. That question was answered on January 22 of this year, at page 5767 of *Hansard,* and I believe resulted in some representations being made to the minister by certain of the provincial governments.

Perhaps the minister would indicate at this stage whether he would go further than he has gone and extend consideration to these other bodies I have mentioned.

Mr. Sharp: Mr. Chairman, we have been considering this matter for some time. We had particularly in mind some recent donations that had been made to provinces of art

collections and so on. Personally I had some knowledge of the McMichael's collection that had been donated to the province of Ontario. In that case a donation could not be made to Her Majesty in right of Canada because the National Art Gallery was unable to accept a donation outside of Ottawa and there was no way in which the collection could have been looked after.

It seemed to us that we at least ought to extend the principle to Her Majesty in right of a province. It is possible, of course, to extend this exemption a very long way, but I suggest to the committee that we should make haste slowly in this direction. Otherwise we may be opening the door to transactions which would have the effect of seriously reducing our revenues, thereby passing on a larger load to the rest of the taxpayers. I do not believe one should extend this exemption indefinitely to cover all sorts of donations to all sorts of agencies.

I suggest to the committee, Mr. Chairman, that while we may not have gone far enough now, we at least ought to take this step at the present time.

Mr. Bell (Carleton): Mr. Chairman, the minister did not indicate why he thought it would be going too far to extend the exemption to municipalities. I agree with the minister that it should not be extended a great distance, but surely it is likely to be most effective if it is extended to municipalities. In the matter of preserving historic sites, gifts are more likely to be made to a municipality than to a province.

Mr. Sharp: Mr. Chairman, this is a very difficult question of degree. The original reason the exemption applied only to donations to Her Majesty in right of Canada was that they were supposed to be gifts that were of general benefit to the whole nation. When a gift is made to a province the benefit, presumably, is spread over a rather smaller area, but nevertheless an area that is sufficiently broad. When you begin to allow donations to municipalities as deductions, you start raising questions about whether the taxpayers as a whole should have to pick up the lost revenues.

I suggest to the hon. member, Mr. Chairman, that this is really a matter of degree, and at this time I hesitate to go any further.

Mr. Knowles: Mr. Chairman, while we are on this point, in light of what the minister has said perhaps he would answer the question I put to his colleague on the orders of the day. Does the minister think that donations made by private companies by providing free air travel for other leadership candidates than the Minister of Finance should be allowed as a deductible expense, which has the effect of passing half of the cost back to the taxpayers?

Mr. Sharp: As far as I know, Mr. Chairman, any donations that are made to me, either in campaigning as a candidate in a constituency or in campaigning for the leadership, are not deductible.

Mr. Knowles: Mr. Chairman, I am not talking about campaign donations but air travel that is made available to candidates and which will cost money to the companies concerned. Does it not follow as normal business practice for these companies to charge for the cost and, in effect, recover half of that cost from the taxpayers?

Mr. Sharp: Mr. Chairman, I am quite sure that my colleague the Minister of National Revenue does not permit things to be done indirectly that are forbidden directly. This is a matter of administration. When the Minister of National Revenue looks at expenses that are properly chargeable he tries to discover whether they have been incurred in earning an income. That is the only criterion that is applied.

Mr. Hales: Mr. Chairman, if a donor makes a gift to a university in a given province, would such a gift qualify in this particular case?

• (3:30 p.m.)

Mr. Sharp: It is my understanding that it would qualify under other parts of the act, subject to the limitation that is in the act today.

There is a special position in regard to gifts that are made to the crown and that position has been maintained in the law for many years. All that this clause does is to extend the right of deduction with respect to gifts made in right of a province. That right exists with respect to gifts to Canada.

Mr. Walker: How will art collections be valued for tax purposes? Will the original purchase price be taken into account? How does one arrive at an evaluation?

Mr. Sharp: I understand that when collections are donated to the government in right of Canada, that is, to the national gallery, the evaluations are made by the gallery itself.

When it comes to donations to the crown in right of a province the national gallery, of course, would be consulted. I must point out that these donations to the crown affect the revenues of the provinces as well as the federal government.

Mr. Martin (Timmins): I wonder whether the minister would mind answering one or two questions. Before asking him the questions I wish to read to him some comments he made regarding the International Monetary Fund meeting in Rio de Janeiro. He said in part:

> I had the opportunity to meet all the ministers of finance of the world. We met many times in large groups and in small groups. One of the main problems we discused was the problem of interest rates. It was pleasant to meet with ministers of finance from around the world because at least we could console one another. We looked at this problem; we examined it carefully and at length for a week.

Mr. Knowles: The minister had better go back.

Mr. Martin (Timmins): I continue:

> There was not one of us who could come up with an easy or early solution to the problem of high interest.

Can the minister tell us whether, since that meeting took place, he has seen any signs that might indicate that interest rates will be reduced?

Mr. Sharp: I am sure all hon. member are reading the newspapers very carefully these days and looking at the international financial crisis. One aspect of this international financial crisis is a continuing increase in interest rates, and that is why there is no easy answer to the problem of interest rates. It is a very disturbing aspect of the international financial situation, and until that situation is clarified I do not see much prospect of lower interest rates.

Mr. Martin (Timmins): If the minister will think back to the time when gold prices were increased in 1934 he will remember what that increase did to interest rates. The government at the present time is refinancing loans that it floated at that time. It is interesting to note that the Canadian government was able to finance the war at a rate of three-quarters of 1 per cent on short term bills and 3 per cent on long term bonds. These long term bonds are now coming due and are being refinanced at a rate of approximately 6.5 per cent. Considering these factors, has the minister changed his mind about the advisability of increasing the gold price as one way of meeting the problem of high interest rates?

Mr. Sharp: No, Mr. Chairman. It is not the intention of the Canadian government to take actions that would disturb the international monetary markets more than they are now disturbed. The United States government has made it clear that it will not increase the price of gold. It is not the policy of the Canadian government to follow any other course.

Mr. Martin (Timmins): Yet, Mr. Chairman, if we are to learn anything from history we must recognize that prior to the last increase in gold prices the average interest rate on government securities during the 1920's was 4 per cent and that during the 1930's it dropped to 3 per cent and during the 1940's to an average of 2 per cent. Would the minister not be extremely pleased if he had to pay only 2 per cent on government borrowings?

Mr. Sharp: I see no prospect of any 2 per cent interest rate, nor do I think an increased gold price would bring such a result about at this time. Indeed, an increased gold price would lead to a further expectation of inflation and might lead, therefore, to increasing reluctance on the part of individuals to lend their money at low interest rates.

Mr. Martin (Timmins): Does the minister not agree that interest rates began rising when United States gold reserves began dropping? Rates have risen in direct proportion to the loss of United States gold reserves.

Mr. Sharp: I am inclined to think that we ought to improve the international monetary system. The greatest contribution would be to bring into operation the supplementary drawing rights, on which we have worked for some time, to supplement the existing gold stocks and facilitate, therefore, international transactions and help to end the sort of financial disturbance that is now prevailing.

Mr. Martin (Timmins): Is it not true that for the past 5,000 years of recorded history human beings have been seeking a substitute for gold? So far they have not found one that is universally acceptable.

Mr. Sharp: In the post-war period we found means to supplement gold. The International Monetary Fund was created for the purpose of supplementing gold and providing another means of carrying on international transactions, that is, transactions between countries, and financing them. I believe the

time has come when we ought to carry this process a stage further. No one has suggested that gold ought to be eliminated as a reserve for international purposes. It would be very useful if we had a supplement to gold and we did not need to depend entirely on gold, the price of which could be changed, in order to make our international monetary system function well.

Mr. Martin (Timmins): I agree with the minister, and we must use the services of the I.M.F. and various other international bodies. Is it not obvious, though, that what happened in the past can happen again? The present situation seems to be adding a headache to a brain tumor. Measures which are taken seem merely to delay the crisis. They do not cure it. Is it not true that this crisis engulfs the world? I have read a report that about 200 tons of gold will change hands on the London market today. How long can this go on?

Mr. Sharp: I cannot answer that last question. In the post-war period, when we introduced modern, international financial mechanisms, we saw the greatest expansion and prosperity that the world has ever seen. I regret that we now face this sort of international crisis. I suggest, none the less, that this international crisis will not be solved simply. I think the best way of dealing with it would be to carry into effect the new kinds of international reserves that have been under discussion among countries of the world for the past couple of years. I regret that we have not had a sufficient degree of international agreement to bring those reserves into effect. If we could do that I do not think we would be faced with the present crisis.

Mr. Martin (Timmins): May I ask the minister one more question? Does the government still intend to supply gold to the United States and to subsidize the United States to the tune of 14 per cent while so doing? We sold to the United States $100 million worth of gold but that gold cost us $114 million to produce because we pay a subsidy to our gold mining companies. Is it the intention of the government to continue to follow this practice or is the hon. gentleman reconsidering this procedure?

• (3:40 p.m.)

Mr. Sharp: Our policy has been to keep a certain proportion of our reserves in gold and a certain proportion in other forms of exchange, chiefly American dollars invested in the United States and earning interest. I believe this is the proper policy for Canada. I believe it is only prudent we should hold part of our reserves in gold as long as the present international financial system operates. I do not believe it would be prudent for Canada to hold all its reserves in gold. We would lose a great deal of revenue if we did so and successive ministers of finance would be obliged to impose still higher taxation in order to meet expenditures. So I think it is very wise to have invested a substantial part of our reserves in interest bearing securities.

Gold earns us nothing. It is sterile. We hold it because under the present international system we want to have some protection against the possibility that at some time in the future the price of gold might be increased. But I do not think it would be in the Canadian interest to keep more than a certain proportion of our reserves in gold. I believe that from time to time we shall sell some of our gold stocks and turn them into something which produces earnings to keep down taxation in this country.

[*Translation*]

Mr. Caouette: Mr. Chairman, I only have two or three questions for the Minister of Finance (Mr. Sharp).

In view of the confusion now prevailing, both among the Canadian people and the deputation in general, as well as among some teachers in our Quebec schools, because of this mad or panicky gold rush which results in gold transactions between various countries, could the minister now state that, as far as our Canadian currency is concerned, the gold guarantee is no longer of any account since May 1, 1940, but that the Canadian gold reserve, as he just said, is only used for the international transactions which may be effected at a given time, in short, that gold is of no use at all to guarantee the currency in circulation in the country, under our monetary system? Is the minister in a position to tell us that?

[*English*]

Mr. Sharp: Yes, Mr. Chairman, what the hon. gentleman has said is right. We retain a gold reserve for the purpose of settling international transactions. As I said in reply to the hon. member for Timmins, we have followed a policy of keeping part gold and part American dollars or dollars invested in United States securities, bearing in mind the fact that the United States dollar is based upon gold and one can never tell whether or not in the future the price of gold might be changed.

This has been the policy followed by successive governments over a long period and I think it is prudent. I agree with the hon. gentleman that a Canadian dollar bill cannot be presented in exchange for gold. Gold is retained for use in settling international transactions and for that purpose it is in my view, a very valuable part of our reserves.

[*Translation*]

Mr. Caouette: Mr. Chairman, my other question is this.

A moment ago, the Minister of Finance, in answer to a question by the hon. member for Timmins (Mr. Martin), said that Canada had to go along with the current of international affairs and that we must not upset the present course of the unsteady economy.

So one could say that we are only the followers of policies enacted internationally by foreign countries, that we must necessarily suffer the consequences of decisions taken in Washington, France, or England, and that we are unable to set down a clear and definite economic policy.

Now, I would like to ask the minister—I admit that there is now a severe international crisis and that perhaps some heads will roll in a few days or a few weeks—whether there is some law here in Canada which prevents the Canadian government or the Minister of Finance from using strictly Canadian, national credits, in order to ease the situation, and to boost the economy of the country again independently of other countries? Do we not have the means to implement something in this country without always having to run to the United States, to England, to Russia, or to other countries in the world?

At this point, I should like to put this question to the hon. Minister of Finance: Is there an act which prevents the government or the Department of Finance from using the services of the Bank of Canada to create new, debt-free, interest-free credit, a step which would not only have no influence on the international market, but, on the contrary, would enable us to increase our productivity, and would enable us to compete better than at the present time?

Does the hon. minister have any objection to using strictly national credit for Canadians, to boost the Canadian economy?

[*English*]

Mr. Sharp: In so far as transactions within Canada are concerned, this is exactly what we do. We have established a credit system, a very complicated and very delicate financial mechanism comprised of many kinds of institutions under the control of the monetary policy of the country through the Bank of Canada. But when it comes to international transactions then, of course, it is necessary to have something which foreigners want and will accept, and there are only two things I should like to have in my reserve in this situation. One of them is gold, which will be accepted by anyone, and the second is United States dollars which remain the most acceptable currency in the world and the currency in which we must settle most of our international transactions. We do have provisions for satisfying our internal credit needs and while we make use of them in a way which may not be altogether to the liking of the hon. member, the system works very well on the whole. But it will not work internationally.

[*Translation*]

Mr. Caouette: Mr. Chairman, the hon. minister has just told us that he does not necessarily share the political ideas the Ralliement Créditiste advocates, but did the right hon. Prime Minister not tell us Tuesday in his speech that the government had only two ways of managing the country or making expenditures: borrow money or levy taxes?

Well, Mr. Chairman, the hon. Minister of Finance knows full well that there is another way. If the government is sovereign, could the minister not resort to the credit of the Bank of Canada to balance Canada's economy on the basis of Canadian production. Why does the department not use the Bank of Canada to create the credit matching that production?

What prevents it from doing that? The law?

• (3:50 p.m.)

[*English*]

Mr. Sharp: Mr. Chairman, I have had many discussions across the floor on this subject with the hon. gentleman as well as with other members of his party and those associated with him such as the hon. member for Lapointe. I do not think we are going to agree this afternoon on the best way of accomplishing our respective purposes. The government has responsibility for monetary policy and the Bank of Canada is the agency that is used to implement that policy. The Bank of Canada controls the volume of money in Canada, the volume of dollars that are created for the

purpose of facilitating the financial system. The money that is put into circulation by the Bank of Canada becomes the foundation upon which other institutions extend credit.

The hon. gentleman is very well aware of the process, and so am I. We may differ as to how it actually works, but at any rate that is the way it is done. I am of the view that the operations of the Bank of Canada, like the operations of the Federal Reserve System in the United States or the Bank of England in England or the Bank of France in France or the Central Bank in Germany, are the accepted, tried and tested methods of controlling the expansion of credit.

I know my hon. friend has a different view. I know I despair of converting him to my view and I hope he despairs of converting me to his point of view, but at any rate I think we understand our respective points of view. I of course have the advantage over him that the point of view I believe is appropriate to the modern world, to our democratic institutions and so on, is accepted throughout the world. I do not believe there is any country in the world that has yet been wise or foolish enough to accept the views of my hon. friend.

[*Translation*]

Mr. Caouette: Mr. Chairman, I should like to put a final question.

The minister just said that the Bank of Canada determines the volume of credit or money in circulation. Could he tell us who creates this volume and increases it? No doubt the minister is in a position to recognize that the Bank of Canada plays only a minor part in the whole monetary organization in Canada—not fiscal but monetary. In fact, if the federal government issues bonds for $1 billion and the Bank of Canada purchases, to-morrow morning, $1 billion in bonds, the minister is in a position to say that chartered banks have the power, under the law, to multiply that credit by fourteen. It is at that point that the Bank of Canada controls the volume of credit, that is by purchasing from the government a bond which chartered banks have the means to multiply by fourteen and, moreover, to charge interest on the multiplication by fourteen.

I understand that the minister can say that my point of view differs from his, that his point of view is different from mine and that both must be respected. I respect the minister as a man, but on the other hand, I do not respect his point of view which is keeping the country in the economic chaos now experienced and which is merely due to a financial problem. If the minister stated: "To-morrow morning, we are going to use the Bank of Canada", the situation would be different. Why does not the Bank of Canada perform that multiplication by fourteen instead of leaving the matter in the hands of a few bankers who are empowered to handle the economic life of the whole country?

If the Bank of Canada multiplied the government commitment by fourteen, that money would be put in circulation interest-free to finance municipalities, provinces, school boards—the government would no longer have to reduce its urgent expenses. We would then see new buildings going up, new industries created, and so on. The wage earners or those who make profits as contractors would deposit these sums in the chartered banks, so that the deposits in the chartered banks would probably be the same as now, but instead of paying interest on the fourteen to one ratio which the chartered banks can apply now, we could have credit free of debt or interest, if you wish, even if we had to repay the amount we have received from the Bank of Canada over a certain period of time and with allowance made for the depreciation of the facilities built.

Mr. Chairman, the Minister of Finance must be able to tell us that the present amount of money, of credit in circulation is in the hands of the chartered banks and not in the hands of the credit unions, even if, as the minister tells us, the Bank of Canada dictates or controls the amount of credit in circulation. I know very well that if I go into a bank tomorrow and borrow $1,000—which I do not have on me since I am borrowing it—if the chartered bank lends me this $1,000, I open a savings account, not a current account. The accounts of other people are not diminished by my opening a savings account while I have no money, but there is $1,000 in my newly-opened account.

As soon as I open a savings account, the chartered bank which lent me the money can use it as reserves deposited in the Bank of Canada and multiply by fourteen the $1,000 it just lent me.

That is where the trouble lies. That is the system which has put us in the situation which the Minister of Finance is now facing. That is the system which is to blame for unemployment in Canada, which forces the Minister of Finance to ask all the other ministers: Cut down your expenses, stop certain

projects, scrap others, do not encourage production in Canada, for we do not have the financial means needed.

Mr. Chairman, that is the basis of the difficulty facing the government at the present time. There are, in Canada, at the present time 500,000 unemployed, 80,000 of them in the city of Montreal alone. This includes those who are registered and excludes those who are not. Those who receive social welfare allowances are not considered as unemployed but they are anyway.

At the present time, we ask for the completion of winter works in some places. We are told that we cannot afford it, that we have to reduce our expenses. It is not permitted to carry out certain projects, to build roads, hospitals, buildings which the Canadian people need. By so doing, those who are in need are refused assistance.

Mr. Chairman, why does the hon. Minister of Finance not turn to the Bank of Canada? Why does he simply tell us: The Bank of Canada is at the service of the chartered banks to determine the volume of the money supply? The chartered banks are the ones who decide, not the Bank of Canada. However, I do not know of any law which prevents the hon. Minister of Finance from using the credit of the Bank of Canada.

If the government, this afternoon or tomorrow, would turn to the Bank of Canada to create such credits, that would add immediately to the reserves of the chartered banks and would allow them to increase those reserves 14 times. It would be a repetition of the situation which we have known in 1940, 1941, and 1942 when two Liberal members, Messrs. Arthur Slaght, of Parry Sound, and Gerry McGeer, of Vancouver, asked the Minister of Finance, Mr. Ilsley, who had created, through the Bank of Canada a new credit of $200 millions, I think, in order to finance the first war projects: Why do you not repeat that initiative, in order to finance the Canadian economy? And, Mr. Ilsley, answered: We cannot repeat that indefinitely, because as soon as we use a new credit of the Bank of Canada, it gives the chartered banks the power to multiply their reserves 10, 12, 15 or even 20 times, it puts in their hands an inflationary power. That is the inflationary power held today by the chartered banks. This is exactly the same situation and the hon. Minister of Finance knows it.

• (4:00 p.m.)

People can laugh about the present situation, but it is not funny. The Canadian people are not willing to face another depression for the sake of the sacrosanct dollar. The Canadian people are not willing to let their natural resources go down the drain to support the financial system.

Mr. Chairman, the Bank of Canada should be used fully to finance the expenditures of the federal government, the provincial governments and the municipal governments.

Speaking of municipalities, we know they are in a slump right now. The Union des municipalités de la province de Québec is meeting in Quebec these days. I am speaking of the municipalities of the province of Quebec, but the same goes for all the municipalities. They are forced to raise their taxes. The Quebec premier told their representatives: When the provincial budget comes down, we will try to levy new taxes to help you.

We dig one hole to fill another, and the more we do, the larger the hole becomes in the attempt to fill the others.

The situation is the same in Ontario. The government has just approved new taxes on gas, tobacco, parimutuel, all kinds of things and then we are told: That alone will not suffice, we will have to cut expenditures. Ottawa cuts expenditures, Quebec cuts expenditures, and Ontario too. Saskatchewan, under Mr. Thatcher, has also raised its taxes in every field.

Mr. Chairman, how far will the Minister of Finance lead us in that direction? Until we face a depression like the one we had in 1929-30? Is it preferable to plunge 20 million people into an economic depression and to increase the power of the few individuals in Canada who control the economic blood of our country, that is money? For they are the ones who would have us kneel before them when we sit in committee to study the sob stories of the financial community.

Mr. Chairman, it is time, I feel, for the Canadian Minister of Finance and the Canadian government to stand up and tell big finance: Instead of enslaving the people, you will serve the people. This is the trouble today. Instead of serving the people, they enslave the people; instead of bringing financiers to their senses, we obey them.

The Minister of Finance should seriously consider the situation. I understand that he may say we do not share point of view, but I

have been advocating this philosophy for thirty years. When I became a Créditiste, over thirty years ago, I was only 19 or 20 years old. Why did I become a Créditiste? Because I never understood how it was that we were left literally to starve during the 1929-39 depression, while billions of dollars were found to wage the 1939-45 war.

How is it that for ten years, our colleges and institutions were only half filled, whereas during the war, there was insufficient space? Industries were sprouting throughout Canada. And now, 20 years after the war, as we must begin to refund what we had borrowed for the slaughter, we are facing facts: we must repay not only the capital, but also the interest. We have managed to pay that interest for the past 25 years. Today, it is the capital which must be paid. We have already paid $20 or $25 billion in interest since the end of the 1939-45 war, and our national debt still reaches $25 billion today. We have not paid a single cent of capital. We have paid, on the average, $1 billion a year in interests only on a fictitious debt created out of nothing by the Canadian banking system.

If the minister and the government had obtained interest-free loans from the Bank of Canada to meet their expenses, we would not find ourselves in such a situation. I challenge the minister to find a proper solution. Even if he doubles the taxes, introduces a bill providing for a 25 or 30 per cent tax increase, he will still not be able to meet his obligations, because the present system is not designed to cope with such a situation. The system is conceived to crush the government and the Canadian nation, and we are not getting rid of it.

Mr. Chairman, I say to the Minister of Finance that he has both the moral and the administrative obligation to put an end to this damnable financial system which oppresses the Canadian people.

[*English*]

Mr. Leboe: Mr. Chairman, I should like to say a few words to the minister in this connection. I was surprised to hear the minister talk in the last few days about the international crisis and then brag today about the financial systems of all the nations in the western world. I cannot help but say to him that he has put forward one of the greatest contradictions in respect of finance that I have heard for a long long time. Surely he must understand that the people of Canada, having considered the situation very carefully, have decided that the present financial system of the government has failed absolutely due to the fact that bank interest rates are now as high as 12½ and 13 per cent. If anyone in this or any other country suggests there is a sound reason that interest rates should be as high as 12 or 13 per cent, then all I can say is I would have to see much stronger evidence than I have seen to date.

I believe that any alert minister of finance should be very careful to listen at this time to anyone who has anything to offer, whether it be good or bad, and assess what he has to say. Otherwise the minister would be very much like the individual who, when a person to whom he owed some money said "let us cancel the debt", said, "I would rather die owing you than not pay". If the minister continues in this way we will be faced with a situation which no one in this or any other country would like to see.

I should like to refer briefly to a small but powerful book. I suggest the Minister of Finance is quite aware of it. It was written by Vincent Cartwright Vickers. He was deputy lieutenant of the city of London, a director of Vickers Limited for 22 years and a director of London Assurance from which he resigned in January, 1939. In 1910 he was made a governor of the Bank of England and resigned this appointment in 1919. I wish the minister would compare what Mr. Vickers had to say with the situation which has been outlined by the minister over the last couple of weeks. In the opening paragraph on page 1 of this book entitled "Economic Tribulation" Mr. Vickers had this to say:

> Slowly but inevitably the old financial system is crumbling under the weight of modern conditions and the better education of the people; the sooner it crumbles the better, and the sooner it gives way to a better and more modern technique the sooner will the world achieve good will and peace amongst men.
>
> The present order of things must change. The economic structure of civilization is obviously leaning heavily. To build upon it, to add weight to it as it now stands, crooked and unsafe, can only bring nearer the day of its collapse.

Today we are approaching the situation this man had in mind when he said that slowly but surely the mills of the gods would grind. What was written in 1941 by this man who for nine years was governor of the Bank of England we find expressed in the words of the minister today. When the minister says he does not understand what is meant when someone talks about changing the situation to one of an increasing involvement by the Bank

of Canada in the debt of our country, I cannot understand to whom he is listening.

• (4:10 p.m.)

The minister said today that we have a fine financial system. Yet we find him also saying that the world is facing a terrible crisis and that the international monetary situation is almost beyond repair. We are now experiencing one of the greatest financial crises we have ever experienced. The situation is almost chaotic. It does seem to me that the time has come when we must stop burying our heads in the sand like ostriches and waving our tail-feathers in the air like palm trees. According to the Minister of Finance that is the position we are to assume.

I do not think the minister listened to what the hon. member for Villeneuve said and I do not think he intends to read what he said when and if he ever has the chance during the campaign. Let me tell the minister that if he expects to become the prime minister of this country and take it upon his shoulders to formulate Canadian policy he had better keep his ears tuned to some of the things which have been said. Let me refer him to the warnings given during the meetings of the committee on finance. He was told that if there was not some control of competition for deposits by trust companies and banks we would find ourselves in a terrible position because of high interest rates. I do not know how anyone can find himself in this position without being very much concerned. When we were discussing the effects of competition for deposits the Governor of the Bank of Canada said he did not anticipate high interest rates for ten years. That was the shortest ten years of my life.

Mr. Peters: Mr. Chairman, I was very interested in the remarks of the hon. member for Timmins but I do not entirely agree with his contention. I am not sure what the real situation is in respect of gold but I am concerned about what seems to be a lack of interest on the part of the minister in what appears to be a calamity. Canada may not operate on the gold standard but we are tied very closely to the United States which does. The United States now has a national debt of some $64 billion in short and long term paper. In support of this debt the United States has approximately $10 billion in gold. If all the short term money was recalled the United States would be bankrupt.

Canada has reserves to the extent of about one-tenth of those held by the United States. We are tied very closely to their dollar. For many reasons we do not use Canadian dollars in international trade but use United States dollars. If their dollar collapses, even though the minister may not be worried about what will happen to the United States it will bankrupt the Canadian economy. We will then not only be bankrupt like the United States but the Canadian dollar will be at a higher rate and we will lose our trade with every nation in the world. We will be middling rich but starving.

Yesterday about $200 million in gold was transferred on the London market. This amount has probably increased today by another $20 million. At this rate it will take less than 30 days to find out whether the United States is totally bankrupt. The minister is being unfair to the house and to the country when he gives the impression that we have a new unit of exchange in the International Monetary Fund. The United States dollar is backed by gold and therefore gold is backing the International Monetary Fund. What will happen if United States short term money is recalled and the United States becomes bankrupt? Unless the minister envisages some change in the next few weeks I suggest that with the present trend the United States will be bankrupt within 30 days.

The present rush on gold will surely accelerate. Something will have to be done before the end of next week. Canada must also do something because our exchange is closely tied to the United States dollar. According to some of the remarks made by other hon. members the role played so far by the Bank of Canada has been detrimental.

When we took the limit off interest rates we were told by the minister that interest rates would go down. They have not gone down, they have gone up. They have gone up to the extent that the housing industry is now frozen. In the province of Quebec 600 major producers are leaving because of high interest rates and taking most of their business to the state of Vermont. This surely is a direct result of high interest rates and the instability of our economy.

I agree with the minister when he suggests that Canada is not going to set the gold standard. I am sure he is aware that all the countries involved in the monetary fund rejected the idea suggested at Rio de Janeiro that the United States dollar be used as the basis for international exchange. The only country interested in maintaining the price of gold at $35 per ounce was the United States. I am not

sure what the result would be if we increased that price to $75, $100 or even higher.

I do know that for years Canada was hoodwinked into believing that it was absolutely necessary to stabilize the price of silver at 97 cents an ounce because that was the desire of the United States. We did not make money as a great silver producer. The United States then passed an act and the price of silver went up to $1.29 per ounce. We continued to produce it for the United States at that price. Some producers got smart, began producing for Britain, and the price of silver rose to $2.46 per ounce. I understand silver is selling on the commercial market for a great deal more. This would indicate that the price of silver is double what the United States is using for the base of its reserve.

The United States is not God Almighty so far as monetary policies are concerned. The United States has been unsuccessful in its negotiations throughout the world in respect of pegging the value of gold. Even with the huge amounts of gold the United States has said it has had over the years, it has been unable to establish stability in respect of its own money. This would indicate the United States has been printing scrip that it never intended to redeem. I think they are doing it with the consent of a number of countries which are now faced with a very serious problem and an almost inevitable calamity.

• (4:20 p.m.)

I ask the minister what he is going to do about this situation. What help can he give the Canadian people if a disaster develops? I calculate that it is not more than two weeks away. I am only guessing but I think that if the International Monetary Fund breaks down and gold is allowed to seek its own level the United States will have a 40-cent dollar. I am also scared that Canada will have a 60-cent dollar, which will mean that Canada will not be able to sell in any market in the world. We will be in a very serious position.

Some of the minister's colleagues may not believe that the situation is serious but I think it is when leaders of the international monetary agencies of the world are spending their Sundays visiting Switzerland not to ski but to sit down and discuss financial matters. These people do not think it is a laughing matter. I am sure those seven or eight people who have been meeting regularly know the limit to which they will be able to back currency in the current situation. I think it is a calamity for us and for the people of the world.

[Mr. Peters.]

I do not think we will be serving the best interests of the International Monetary Fund or our own best interests if we fail to present what may be an alternative in this situation. I know there are repercussions which I do not understand in the alternative suggested, but I am quite sure everyone will agree that if the price of gold were to double there would be a great deal less interest in moving it around and keeping it under the bed. Speculation is what is moving gold around, not its value.

I believe that people in other countries and United States citizens are involved in this speculation. When people see a very serious economic situation developing which will affect them they hedge, just as the Canadian government has hedged to a limited degree. The minister should not appear to be amused by this situation or try to pass it off. A serious calamity may befall the world in the next few days. If it does occur it will make the Viet Nam war back-page news rather than front-page news. We will not need to withdraw the supply of nickel; that problem will be solved. The Vietnamese will find themselves well off.

The people who are buying gold are not stupid. They also have money, which is very important in the world of economics. These people are going to the London market and buying gold in very large quantities. They are buying $200 million worth of gold a day. This is a very large transaction. In my opinion it is not countries that are buying gold but individuals, corporations and companies interested in hedging in this way.

Perhaps the hon. member for Villeneuve did not give us the answer to the problem but I think what he said is well worth looking at. We will have to make ourselves less dependent on the United States economy or we will find ourselves very hurt by an economic collapse in the international monetary field. We may be hurt even more than the Americans who have perhaps precipitated this kind of collapse.

The Americans appear to have $10 billion worth of gold. If it is sold at the rate of a quarter of a billion dollars a day it will last only 40 days. If the buying of gold accelerates as it has in the past few days, a calamity would easily develop in the next 10 days.

Mr. Reid: Mr. Chairman, before the minister rises to say something on this rather intriguing question of the price of gold and the mythological claim which gold seems to have on mankind, I should like to ask him to comment on two propositions. First of all, is

it not true that if the United States were to raise the price of gold every other nation would also devalue its currency in the same proportion and we would be back in the same boat where we started? Second, what would happen if the United States unilaterally decided to stop buying and selling gold at the price of $35 an ounce and let it find its own level as a monetary metal? It seems to me to be absurd to some extent, when the United States has a gross national product of some $800 billion, that a world monetary crisis of this nature can be brought on by a balance of payments deficit of only $3 billion.

I represent a gold mining constituency and naturally we are very interested in what happens to the price of gold. But it seems to me that a great deal of the discussion this afternoon has been a little far out so far as my understanding of the economics of gold is concerned. It is my understanding that what really makes a nation wealthy and powerful is not the amount of gold it has but the extent of its productive capacity. Gold itself does not produce anything. The people working in the factories and the products they produce are the real key. I ask the minister to comment on those two propositions.

Mr. Martin (Timmins): Mr. Chairman, some of the comments made by the hon. member for Villeneuve and the hon. member for Timiskaming, to which I believe there was a reply from the minister, dealt with the fact that the Canadian dollar was not attached to gold in any way, shape or form. I should like to illustrate to hon. members just how true this is. Because of all the hullabaloo about the purchase of gold that is going on in Canada and other places around the world, I thought it would be interesting to find out just how one went about purchasing gold.

I went to the bank and informed them that I was interested in purchasing some gold. In spite of the fact that on the counter there was a big sign which said they bought and sold gold, the first thing the young gentleman who served me said was that they would not take any more orders for gold. I asked him, "What do you mean when you say the bank will not take any more orders for gold?" He said, "We are just not taking any more orders for gold." I asked, "Why?" He said he did not know why. I said, "Can you find out?" He went to find out why they were not taking orders for gold. He brought back another gentleman who then proceeded to try to discourage me from buying gold. He told me that there were storage costs, handling charges and this, that and the other thing.

But I persisted in getting an answer so he went on and even got to the stage of intimating that it was rather unpatriotic to buy gold. I pointed out to him that I happened to be the member of parliament who represents the largest gold producing area on the North American continent and I wondered why it was unpatriotic to buy Canadian gold in a Canadian bank. He changed his tune a little then, and although it took me some two hours and thirty minutes I was able to purchase a little bit of gold.

But the interesting point is that you cannot buy gold for Canadian dollars. You have to go back to your own bank and get the money in American funds. The most interesting point of all is that if you want to store gold in a Canadian bank you also have to pay the storage charges in American dollars. Therefore when the minister says the Canadian dollar is not attached to gold, believe me, Mr. Chairman, he is telling the truth. The trouble is that the Canadian dollar happens to be tied to the American dollar and the American dollar happens to be tied to gold, or it has been until now.

An hon. Member: Where does the gold come from?

Mr. Martin (Timmins): I made this inquiry of the gentleman at the bank. He said they did not have any here and would have to send to Toronto for it. I said, "Suppose they have not any there; what will you do?" He said they would have to send to the mint for it. Apparently the mint may also be out of gold because it is processed in London, England. A few years ago we had over 200 producing gold mines in this country. Now we are down to about 25 and a number of those are closing this year. But still we have to send to England if we want to buy Canadian gold in Canada and we have to use American money.

Mr. Caouette: Mr. Chairman, would the hon. member permit a question?

Mr. Martin (Timmins): Yes.

Mr. Caouette: The Minister of Finance has probably never seen pure gold. Would the hon. member for Timmins send it over so the minister may look at it?

• (4:30 p.m.)

Mr. Martin (Timmins): Well, Mr. Chairman, I do not mind lugging it as long as I know

where to get it. I think that the point raised by the hon. member for Timiskaming is a valid one. I have followed this situation very closely because I have been very interested in gold and I have tried to study the problem and the intricacies of the trading in gold on the international market over the years. The headlines today speak of the buying rush on gold in London, Paris and Zurich which has reached panic proportions. When the same thing happened before Christmas the international financiers were able to cool off the rush a little. Early in January, there was another run and again they were able to cool it off. Last week it started again and over the week end there was a big meeting of the Group of Ten in Switzerland. They came out with a joint statement that they were going to hold the line. However, this time it has had no effect. The panic started on Monday, continued yesterday and increased further today.

Unless I am mistaken and unless all the signs all over the world mean nothing, it would appear to me that by this week end and no later one of two things must be done. Either the price of gold will have to be raised to a meaningful level or gold will have to be demonetized. I am not sure what effect the raising of the price of gold would have. It was done in the 1930's one country at a time. What happened then was that gold moved from one country to another. If it is done sensibly at this time, what will happen will be that the International Monetary Fund will adjust all the currencies to a meaningful value. If they try to demonetize gold, then, unless the minister has more information and a greater understanding of the situation than I have, there will be utter and complete chaos in the world because, as I mentioned before, for 5,000 years people in this world have been looking for a substitute for gold, and as things have progressed over the years some countries within their boundaries have learned to manage without gold.

History has shown to us that paper money is nothing more than paper which can be used to plaster walls. It has to have some other value before it can be accepted and before it has the trust and faith of the nations of the world for use in international commerce which is so necessary in the world today.

I say again, Mr. Chairman, that not later than this week end some decision must be made or the world will face a depression which will make the one in the 1930's look like a garden party.

[Mr. Martin (Timmins).]

Mr. Matheson: Mr. Chairman, I should like to put one or two brief and simple questions to the minister. I do not think this is the time for us to go into an extensive examination of the reform of our monetary system which, after all, has served Canada rather well in the last two decades. But I should like to ask the minister whether I am correct in my understanding of what he has said in his responses to questions and indeed in his speeches to the house and to the committee. As I understand it, first, our trade position is excellent and currently it is improving. Second, our dollar is buoyant. Indeed, if it were free it would probably tend upward. Third, fiscally speaking we are now very nearly in balance. According to some independent assessments, we are in balance or even better at present. My question is: Why do we tax now? If I understand the minister correctly, his answer is that we tax: (a) in order that Canada will not have to borrow more in what is obviously a capital-scarce market and thereby further inflate interest rates and complicate other borrowing in Canada and, (b) in order to curb consumer purchases so as to reduce inflation. Am I being too simplistic in the reasons which I advance for the government's action in coming to the country at this time for this not very substantial sum of money? Are these the reasons? Is this the situation?

Mr. Douglas: Mr. Chairman, I just want to ask the minister a couple of questions. I should like to say first, however, that I was interested in noting that he said he had not been converted by the hon. member for Villeneuve. If the hon. member for Villeneuve cannot convert him I suggest that he might go back and read the speech of the Secretary of State for External Affairs on debt free money made in February, 1963, and consult his colleagues who voted for a resolution on debt free money. This might give him all the explanations he needs in order to support the position of the hon. member for Villeneuve.

My sole purpose in rising is to say that I hope that in the course of this discussion the minister will make some statement which, if possible, will assuage the fears of the Canadian people with respect to the present critical situation in the international money markets. I recognize the minister's difficulties. The minister is dealing with a very delicate mechanism. He wants to say nothing that will make the situation worse, nor is he in a position to make forecasts when all the factors are not known.

However, it seems to me that the people of this country have some right to know what the government's plans are and what the government is striving to do. Most of us have the feeling that many of the governments and peoples of the world are like a mesmerized rabbit watching the snake getting closer and closer, and no one seems to know what to do about it. For months now we have watched the gold hoarders, the speculators and the Swiss bankers buying gold and raiding the United States dollar. The situation is approaching the breaking point.

The hon. member for Leeds spoke about our buoyant dollar. If our dollar is buoyant I do not know why the Bank of Canada had to put up some $474 million in the months of January and February in order to keep the Canadian dollar from collapsing. It could not have been very buoyant at that time. Certainly our dollar, and I do not say it with any glee, is under the same pressure as are the United States dollar and the British pound. I am not trying to allocate blame. What I am asking is that we face up to the reality of the situation.

I do not profess to be an authority on international finance, but basing myself on whatever study I have done of the international monetary theory it seems to me that the problem which has been facing the world for several years now and will face us increasingly in the next few months is the problem of the contracting world liquidity. Our international situation is very much like the situation that countries faced domestically in the early 1930's, namely, that in countries which were on the gold standard the medium of exchange was not expanding as rapidly as the economy. There was a period in the 1930's when we had an abundance of goods and people who needed the goods but we lacked a medium of exchange. When we moved from the gold standard to a managed currency within each country such as we have today we managed to provide the medium of exchange by which people could do business. Now, on an international basis, we have not been able to provide this flexible medium of international exchange. As a matter of fact, not only has world liquidity not been keeping pace with the growing trade in the world but it is now likely to contract.

• (4:40 p.m.)

I believe most authorities estimate that the devaluation of the British pound wiped out $1 billion worth of world liquidity. If the United States carries out its intention this year of balancing its payments, this will wipe out some $3 billion worth of world liquidity. Contraction of world liquidity could precipitate very serious problems for international trade. It seems to me, Mr. Chairman, that the world will have to think very seriously about how it can expand world liquidity to keep pace with increasing demand.

However, what I want to ask the minister is this. What prospect is there of getting some agreement reasonably soon among the members of the I.M.F. with respect to supplementary drawing rights? Also, what prospect is there of getting some agreed unit of international monetary exchange? It seems to me that this is the only hope.

I know that this question has been discussed at meetings of ministers of finance of the member nations of the I.M.F., and I understand there was some resistance to it, which I think is unfortunate. I should like to know where the resistance comes from. Is there any hope that in light of the present crisis this resistance will be withdrawn? Is there any prospect that the nations that recognize the need for what I would call a managed international currency would be prepared to proceed without, say, France, which has strenuously opposed this change? Is there any hope that the process that would normally have been left until next October can be speeded up? Frankly, Mr. Chairman, I do not think that we have until next October. If the minister is reasonably optimistic then he will relieve my mind and the minds of a lot of people in Canada, but I doubt that we have until next October.

Are there any emergency measures that can be taken in this regard? Is anything being done to bring the ministers of finance together at an early date in the hope of working out a solution? If the minister can give us any hope or reason for optimism I can assure the minister that he will set a lot of people's minds at ease at a time when there is considerable concern, in some quarters even consternation.

[*Translation*]

Mr. Latulippe: Mr. Chairman I shall be brief as I have ony a few specific questions to direct to the hon. minister.

Here is the first one: Why is manipulating allowed as regards the interest rate of the Bank of Canada? Why was the Bank of Canada able for about twenty years to maintain a stable rate of interest so as to guarantee a

kind of economy which could be termed stable? But since 1945, namely since the manipulating as regards the interest rate of the Bank of Canada, the economy has been completely unbalanced. That is the reason why the interest rate has no limits and is out of control.

I should like the hon. minister to give us explanations as regards the interest rate maintained by the Bank of Canada and the high interest rate due to manipulating. In a word, why, once again, this manipulating of the interest rate?

That is the question I am directing to the hon. minister. If he will be so kind as to answer, I will have further questions to ask him afterwards.

[*English*]

Mr. McLean (Charlotte): Mr. Chairman, I should like to say a few words on this question. I think that gold backing for the United States dollar is a myth. All currencies of the world are based on the United States dollar. If the price of gold was changed all currencies would also change in proportion.

A few weeks ago the amount of money circulating in the United States was $181 billion. The United States currency is not only a domestic currency but an international currency. United States currency can be spent in Europe. In the United States a dollar is a dollar. In Canada a dollar is a dollar. However, in Europe a United States dollar is no longer a dollar but a gold dollar.

To my mind, trying to prevent people from buying gold is a little out of line. The United States is contending that the price of gold should not be raised. We must remember that $750 million worth of gold each year does not enter the monetary system at all; it is going into industry and into the arts. Although General de Gaulle was blamed last year for taking gold out of the United States, I understand he did not take one cent's worth out of that country. The United States is losing gold to people all over the world. These people want to protect their investments. They are called sharpers, dishonest and unpatriotic. But money itself, Mr. Chairman, is not patriotic.

Gold does not come from the United States alone. The United States is mining only about one-third of the gold that is used in industry and the arts in that country. The United States is also using a lot of gold in its space program. The electronics industry also uses gold. This gold is procured from countries other than the United States. They are even getting it from Canada. We shut down our

gold mines because we do not charge a proper price for the gold.

Where can you find any industry today, Mr. Chairman, that buys its raw materials at 1934 prices? I well remember the depression of 1929 which to my mind was brought about by the United States policy toward gold. The United States had gathered in gold from all round the world. This led to speculation in the United States. I remember that at that time currencies all over the world were dislocated.

I think my hon. friend across the aisle is wrong in what he says, because it was only after President Roosevelt established the price of gold at $35 an ounce that the currencies of the world were adjusted and countries were able to conduct business. I was in business at that time and if that price had not been established when it was, in six months we would have gone into bankruptcy because three-quarters of our products were exported. I remember that what happened was a direct result of the gold situation.

I cannot understand why our friends across the way want to substitute something else for gold. What they want is "paper gold". How is the United States going to finance the Viet Nam war unless it is with this paper gold? They cannot use real gold because they have not sufficient reserves. So they issue paper and call it paper gold, but you cannot get gold for it. It is not right to call that paper gold, but that is what they do.

• (4:50 p.m.)

I cannot understand that attitude. For my part I say, let us stick to gold at least while the Viet Nam war is on. I think this question definitely should be looked into. When we are paying $15 million a year in subsidies to our gold mines I do not see why we should sell the product of our gold mines to the United States for $35 an ounce, a price that was established in 1934.

When President Roosevelt established that price in 1934 people everywhere told him that this action would raise prices in the United States. It did no such thing. Prices before and after the gold hike were practically the same with the exception of some imports. But what did that action do? It restored world trade and world trade restored prices. That is exactly what we are up against today. The question is one of liquidity.

We need liquidity and we are not getting it. No matter what you say about gold, it is the base for credit. Some say that the International Monetary Fund has old-fashioned ideas. When Canada puts up $100 million, the fund

asks for $25 million of that subscription to be in gold. Why is that done? Paper credits are expanding but the relative gold base for our money is going the other way. The United States is saying to European countries, "You have $15 billion in gold in your reserves." At the same time any United States economist will tell you that the purchasing power of the United States dollar will decrease from 4 to 5 per cent in 1968. I presume the Canadian dollar will follow that decline. Personally I do not think we can do anything about that inflation. Despite the so-called new economics we have in today's world, I do not think we can do anything about it because for a long time we have had inflation and we are going to have inflation. It has now become a question of the degree of inflation we are to have. But the United States is telling Europe, "You have got $15 billion in gold locked up in the common market and in 1968 the purchasing power of your gold is going down from 4 to 5 per cent." I ask you, who is going to believe that?

Some say that all we need to do nowadays is issue paper currency. If gold values are to be kept to the level of paper currency values, by and by your paper currency will be worthless and your gold will be worthless. That is ridiculous. People do not believe that gold is worthless. People think and have always thought that gold is the store of value.

The other day a young woman in Toronto took her savings out of her bank to buy gold. She thought she was protecting her investment; she was getting out of paper and into gold. People all over the world are thinking the same way. When a woman in India buys a gold bracelet it is because she does not trust the bank with her money and trusts gold. From the year 1340 gold has been on the upward trend. And in a while its price has reached a plateau but its price has always crept up. It has never gone down.

All the United States has to do if it wants to get out of the jam it is in is to say, "We will not buy or sell gold at $35 an ounce." That is all there is to it and it could do it within the framework of the International Monetary Fund. The president need not go to congress. In fact, I do not see why he should. I do not see why we have to defend the Canadian dollar. It is pegged at 92½ cents United States. Incidentally, much of my information comes from New York international reports. When the Canadian dollar moves down three-quarters of a cent it has got to be defended by the Bank of Canada, but if we had a flexible exchange rate there would be no need to defend it. In the 1920's our dollar went down at one time to 76 cents United States and within one year of that it was selling at a premium. Why did things happen that way? When your dollar goes down the tariff barriers against you go down at the same time. Your exports increase and your imports decrease. It is as simple as that. The marketplace supplies the answer.

I would say that the United States is defending its dollar to save face only. It is saying that an increase in the price of gold would benefit mainly Russia and South Africa. Russia has no store of gold and neither has South Africa. The South African mines produce about $1 billion worth of gold each year but the South Africans use that money to buy commodities all round the world. That action increases international trade. As for Russia, at present they are using their funds for spaceships, armies and navies. If they had twice the amount of gold they would be over here buying pins and needles and the sort of stuff the people in Russia want.

Leaving out Russia and South Africa for the moment, it is obvious that if the price of gold were increased the approximately $42 billion of gold in the western world would double or triple in value. I was reading a book written about 120 years ago by a French economist. He said that the only way to find the price of gold is to see how much gold will buy how much silver. France at that time was on the silver standard. Applying that measurement to gold prices, gold today should be worth $105 an ounce because the price of silver has also gone up.

As for this talk of gold being a monetary measure, how can gold possibly be a monetary measure when in 1967 no gold went into the central banks? Instead, approximately $750 million worth went into industry. Accordingly, gold is a commodity. Why should it not be traded at commodity prices instead of the price that was fixed in 1934?

I cannot understand the thinking of some people in the opposition. Some of them want this paper gold. I think we have got too much paper. The world is swamped in paper. I think we want some restriction and gold has always applied a restriction. Away back in 1840 the Bank of England was checked for issuing too much paper. They had to get back to gold.

What we are facing is very serious and we should be looking into the problem. The Minister of Finance should take this question seriously. Actually I know he takes it seriously but perhaps he cannot talk freely because he moves in the International Monetary Fund circle. All right, that may be so. Along these lines I said to the president of the mining association, "Why don't you people get off your fannies and do something about gold?" He said, "Well, we have tried to do something. We tried away back when Mr. Fleming was finance minister. He went down to Washington and he got rapped so damn hard across the knuckles that no finance minister has dared to go back to Washington since then and mention gold."

Mr. Sharp: Mr. Chairman, I shall be brief in replying to the comments which have been made and which have carried us far beyond clause 1 of the bill. I can understand the interest and concern of hon. members in the present international crisis. I first wish to say to hon. members who have spoken that I listened most carefully to their comments. I have been much engaged in thinking about the crisis that has existed for some time and I have devoted a good deal of my attention to considering what would be appropriate action not only for this country but for the collectivity of nations.

• (5:00 p.m.)

It is a very serious problem. I have been pointing this out to the house over a period of several weeks and it is one reason why I felt it was very desirable we should proceed with the bill before us. It is also the reason for my announcing a number of other measures to be as certain as we can be that we in Canada are not a cause of disturbance and that our defences are well buttressed so that we do not get brought into the centre of this worldwide disturbance. I say this in response to remarks made by my hon. friend from Leeds who made some comments about the position of the Canadian dollar.

As I said earlier in the house, our trade position is very good, our exports are high, our imports are not rising too rapidly. We are now getting our fiscal situation into what I consider to be a sound position and it is generally recognized, as we saw the other day in a statement by the O.E.C.D., that our fiscal policies, particularly the rapidity with which we have been able to adjust them to meet a changing situation, are commended by the international community.

[Mr. McLean (Charlotte).]

There is no group of nations in the world more important than those that belong to the O.E.C.D. They include all the major industrialized countries, and if they comment that the Canadian economy is strong, that the Canadian dollar is properly priced and that our policies are appropriate to the circumstances, it is a mark in our favour which is not disregarded in the markets of the world. The policies which the O.E.C.D. commended include measures of the kind which are now before us. It has been necessary for us to make it plain to the world that we are determined to maintain a sound economy, this enabling the world as a whole to look at Canada and say: There is a country whose currency is appropriate to its circumstances. I have no hesitation in commending parliament for having taken very seriously the proposals which have been put before it and for discussing today the serious international disturbances which have been engaging our attention.

A number of questions have been asked. I do not think I can answer them all to the satisfaction of the committee but I should like to say something first of all about the relationship between the Canadian dollar, the American dollar and gold. The legal position is that the Canadian dollar is established on the basis of a relationship to the United States dollar and until this relationship is changed whatever happens to the American dollar is reflected in the value of the Canadian dollar. So the sort of comment made by the hon. member for Timiskaming that we might see a 40-cent American dollar and a 60-cent Canadian dollar is not likely to be apposite. The latter at the present time is worth 92½ cents United States and until this relationship is changed by Canada, presumably in consultation with and with the approval of the International Monetary Fund, the present relationship will continue.

Mr. Peters: That relationship is artificial. We have agreed to maintain our dollar at 92½ cents. But if something exceptional were to happen to the United States dollar is it not true that the International Monetary Fund could no longer support the present value of the Canadian dollar in terms of the United States dollar? I mentioned a hypothetical situation in which the United States dollar fell seriously in value. The International Monetary Fund could not maintain the present relationship in such circumstances because it would mean the virtual collapse of the fund.

Mr. Sharp: The hon. member is talking now about a hypothetical situation which is most unlikely to arise. The United States dollar is the principal reserve currency in the world; it is held by central banks or treasuries, in addition to gold. So one cannot devalue the United States dollar. All one can do is change the price of gold. There is no reason to think that if the price of gold were changed or if any change were made in the relationship between gold and the United States dollar this would necessarily disturb the relationship between other world currencies and the American dollar. This is the view I hold, though I cannot say for certain. The relationship is established by other factors—relative costs, purchasing power, and so on.

Mr. Douglas: In the event the price of gold was raised substantially would this not have a serious effect on world liquidity?

Mr. Sharp: Yes, Mr. Chairman. This is one of the principal reasons why an increase in the price of gold is not a panacea, not necessarily the best way of dealing with the problem of expanding international liquidity. It seems to me and to other ministers of finance who have studied this question that it would be better to have a controlled increase in international liquidity rather than an arbitrary and indiscriminate increase which would come about as a result of an increase in the price of gold. The benefits of such an increase would depend on how much gold a country held, and we must remember that gold is not distributed equally round the world in proportion to the needs of various countries or even in proportion to their reserves. Some countries, such as France and Switzerland, hold a high proportion of their reserves in gold. Others, such as Canada, hold about half. The proportion varies greatly, so an increase in the price of gold would not provide additional liquidity on the basis of need.

Mr. Douglas: How long can the United States continue to buy gold at $35 an ounce when it costs a great deal more than that to produce it?

Mr. Sharp: I do not like to speculate about the actions of the United States because I am not privy to their councils. As I understand it, United States policy so far has been to maintain the price of gold at $35 an ounce. I should explain that the United States is maintaining this price not only in connection with transactions between central banks which present claims on the federal reserve system when they cash United States dollars but it has also been providing gold at the same price in the London gold market, with the result that there is one price for gold throughout the world. As many hon. members have pointed out, very large amounts of gold have been sold in the London gold market, and this is a reflection of the very serious disturbances going on in which very large amounts of gold are disappearing out of stocks into private hoards.

• (5:10 p.m.)

I shall now deal with the final question, that raised by the hon. member for Burnaby-Coquitlam about the prospects of getting some agreement and why we have had difficulty. The so-called Group of Ten which comprises the ministers of finance of the ten most important financial countries in the world, as one might say, and Canada happens to be included in that Group of Ten, have been working for some time on the creation of a new type of reserve unit. In Rio this year we approved in principle a system of special drawing rights as a supplement to existing reserves of gold and reserve currencies. It had been understood that these new reserve units, whatever they were to be, were not to be used until they were needed. One of the tests is that they would not relieve the United States of the necessity of dealing with its own balance of payments problem. This has been one of the difficult issues. There is no doubt about it that the United States has been in balance of payments difficulties for a period of years, and these have been greatly exacerbated recently by the Viet Nam war and the unwillingness of the United States to impose taxes in order to pay the cost of that war.

I hesitate to say this because I do not mean it as any reflection on the United States—they make their own decisions—but I do think we in this country have been very wise, albeit with some difficulty, in imposing the necessary taxes upon ourselves so that our finances are in good order. There is no doubt about it that one of the reasons the United States is losing gold and one of the reasons it is in balance of payments difficulties is that it has been unwilling to do what we are doing in this parliament, impose taxes so that their fiscal position would be improved. I think that is all I have to say, Mr. Chairman.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I shall be very brief. I would simply like to point out a

few things which I think might be useful to my colleagues at this stage of the debate.

I listened patiently to all that has been said on this bill and previous measures, and I think we are facing a situation which should be clear to everyone. We are most of us speaking about a problem which we do not understand and about which we have insufficient experience. I feel it is no presumption to say that, in this house, there are perhaps not more than three or four members who have enough experience of the complexities of international finance and I think that they, who know most about that, are the ones who are asking themselves the most questions.

I say, therefore, that this is not the time to pose as experts and try to settle international or national crises, or to promote our respective ideologies, but I believe that the time has come for us to form a kind of sacred union in order to get through the present crisis. I know that, under normal conditions, it is in order for everybody to make suggestions, in our parliamentary system. But, Mr. Chairman, I think we must draw a line, especially when, in a way, our house is burning. When the house is burning, everybody lends a helping hand to put the fire out; one does not sit idly by discussing the best way of putting it out, one acts. One puts the fire out first, and then one discusses the advisability of improving one's methods.

It is in that spirit, Mr. Chairman, that last evening, although I was quite inclined to do like others and play the giddy-goat before the government and to have the satisfaction of voting against a 3 per cent surtax on personal income tax, I told myself that, in such circumstances, one had to think of the superior interests of the country instead of merely considering our electoral interests. I also thought that if we would not co-operate with the government to prevent a worsening of the crisis, those who would particularly suffer the most would again be the small wage-earners, the pensioners who would see the value of the dollar considerably decrease, the unemployed whose number would appreciably increase, the small and average businesses which would be unable to survive. I think that such considerations should have priority over the interest which could lead us to defeat the government, to launch elections and to be in a position to say: Well, it was defeated by us. But at what cost? By a worsening of a situation which could be disastrous for the country.

[Mr. Mongrain.]

Mr. Chairman, I have listened to all the representations made in this house by the Minister of Finance (Mr. Sharp); I have reread the appeal made to us by the right hon. Prime Minister. I have read the comments in the press on the pathetic appeal made for the twentieth time by President Johnson of the United States, a country with which we have such close economic ties.

I have also read, in yesterday's edition of *La Presse*, an article in which the author of the *Kiplinger Washington Letter* made somber predictions concerning the future of the Canadian dollar. I have listened to the Leader of the Opposition (Mr. Stanfield) and I should like, in passing, to congratulate him on his moderation and abnegation during a debate in the course of which he could easily have demolished the government by all sorts of demagogic arguments.

In view of all this, I have said to myself: this is not the time to hold interminable discussions. This is a time for nation-wide cooperation, for what we are trying to settle is the future of the country and of our electorate. It is not a matter of knowing whether we are smarter than those in power.

In my opinion, those responsible for the future of my country are members of the government legally in power at present, and I feel that regardless of our political affiliation, we should heed the voice of our conscience and tell ourselves: It is a time for co-operation, it is a time for a sacred union in order to spare Canada a disaster. I urge all my colleagues to put an end to all unprofitable discussions on financial theories and on ways to settle national and international crises. Let us leave it to the government to assume its responsibilities. If it is wrong, we can always call it to account at the next election, but the Canadian people will not be able to blame us for having systematically caused trouble, for selfish reasons, at this critical time.

Mr. Latulippe: Mr. Chairman, I had a question to put to the hon. Minister of Finance. Unfortunately, he did not understand it. I had asked why the Bank of Canada was allowed to fiddle around with the interest rates. Those rates were kept, for several years, I believe, at 2, 2½, 3 per cent and the economy was more stable than today.

That is the question I put to the hon. minister and I should like to have a reply.

I have many other questions to put to him, but I shall do so only when he has given me a

reply. I demand a reply from the hon. minister, provided he understood me this time: why is the Bank of Canada allowed to manipulate the interest rate?

Some hon. Members: Question.

Mr. Latulippe: Mr. Chairman, the hon. member still did not understand me. This time I should like him to understand me.

I asked why the manipulation of the interest rate of the Bank of Canada was allowed? Why is the Bank of Canada allowed to increase or lower its rate?

What are the results of the increase in the rate of the Bank of Canada? The present consequence, is the imbalance of our economy.

• (5:20 p.m.)

[*English*]

Mr. Sharp: Mr. Chairman, the bank rate is a reflection of conditions in the money markets. The bank rate does not make interest rates. Interest rates are determined in Canada by a variety of factors, one of the most important being the relationship between our interest rates here and the interest rates in other countries because Canada, as the hon. member knows, is one of the largest importers of capital of any country in the world. If we are to continue to have access to that capital, our rates of return must be sufficiently attractive that the money that we need for the development of the country will come here. That money cannot be provided internally; it must be provided by the external receipts which are needed to buy the goods and services which we import.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I do not have much to say about that. The answer given by the hon. minister is not very logical and I believe the manipulation of the interest rate of the Bank of Canada would not be necessary, because this permits an increase in the interest rate at the present time.

I should like to ask the hon. minister why he is not tackling the high interest rate we have at present. Why not let that rate go down? It seems to me that if the rate of interest were lowered, it would help to stabilize the economy, to lower the costs of big as well as small enterprise. It seems to me that in this way the "price" and the "money" figures could agree with one another, as they should.

Banks are lending money for housing at a 10 per cent rate of interest and I believe that is illogical. There are even some that lend money at 18 and 20 per cent for industrial loans, to various municipalities, school boards—

[*English*]

The Chairman: Order, please.

[*Translation*]

Mr. Latulippe: I believe the rates of interest should go down now—

[*English*]

The Chairman: Order. I apologize for interrupting the hon. member for Compton-Frontenac. I recognize that up to this point the debate has been rather wide in scope. However, perhaps I might suggest to members of the committee that we confine our remarks more closely to the bill before us which deals with an amendment to the Income Tax Act.

[*Translation*]

Mr. Latulippe: Mr. Chairman, in this case, I will simply ask the hon. minister: where does the financial system end? Does a financial system have to be a system organized for the exploitation of the community or for financing purposes?

A financial system, it seems to me, should finance the economy of a country, of all organizations, of every individual. If a financial system does not do that, it does not perform its function. The financial system certainly does not perform its task at the present time, since it does not finance the economy of the country; is fact, it exploits to such an extent the economic organizations, that the citizens are left to die of hunger, to die by all sorts of ways, on mountains of wheat. In my opinion, the financial system should be reformed, thought over and ways to do so should be found. If the means we advocate are not satisfactory to the government, let them find some other means to finance our economy and balance the budgets of the federal, provincial, municipal and school administrations.

Nothing is balanced anymore. The economy is upside down, completely unbalanced and the solutions offered at the present time tend only to raise the cost of living, create problems, impose restraints of all kinds, prevent the Canadian citizens from building and expanding their country and prevent the Canadian people from working.

Soon, all the Canadian people will receive unemployment benefits or they will depend

on public assistance. Therefore, if the number of the citizens who work is almost inexistent in Canada, how many in this country will live?

The Minister of Finance does not find another solution at the present time, other than restricting credit and increasing interest rates. There is no alternative other than preventing the Canadian citizens from dealing with financial matters. That is the reason why we let the interest rate go up in every field, when they are already unreasonable and exorbitant. That interest rate ruins the Canadian economy. It should be lowered and brought within the reach of the citizens, but not one hon. member asks for reforms, for something for the people, for a balanced economy.

If the International Bank does not meet the needs of our country, we do not have to follow the international regulations. Our country is a sovereign country and I think that we can find other means than those suggested by the international finance which has always exploited the people. For war purposes, money is easily found, there is no talk of financial nonsense. But in peace time, we talk of financial nonsense, we accept restraints, all kind of things which are contrary to the essential needs of the people.

There is a serious problem in Canada. We should understand once for all that we must find the means to settle it, at least to enable our people to live, build and flourish. Let us see to it that our population have three meals a day and a decent house to live in. This is the reason for the existence of a government. It is the object of a financial system. It is also the duty of the Minister of Finance who has all that responsibility on his shoulders.

Mr. Chairman, the Minister of Finance is responsible for the economy of Canada. If he really wanted, he could find other means, more logical, more permanent, more appropriate to accommodate the people of Canada and enable them to live decently and honestly in their country which abounds in resources.

[*English*]

Mr. Howard: Mr. Chairman, from listening to the speeches made on this clause I have not understood it up until now. I gather, however, that it is a relatively new departure in terms of public policy because it would permit a person to deduct the full amount of any gift made to Canada or to any agency that the Canadian parliament establishes such as the Canada Council which I presume falls in this category. It would permit the deduction of the full amount of any gift without regard to the 10 per cent ceiling which would pertain to the type of gift a person might make to a province, and I assume that would include any municipality. Canadian municipalities are included, but in relation to the whole bill I do not know just what this means. I assume that a person can deduct gifts to municipalities and to provinces having regard to the 10 per cent ceiling.

• (5:30 p.m.)

I suggest that once the government embarked upon this course it should have also taken into account the amount of municipal land taxes that individual home owners pay. It has been advanced by the President of the Treasury Board and his predecessor that municipal taxes represent one of the greatest costs to individuals who want to acquire homes. This can be related directly to the cost of services.

Taxes in Ottawa range from $400 to $500 for homes valued in the neighbourhood of $16,000 to $18,000. It seems to me that municipal taxes of this kind are involuntary gifts to municipalities. It may not be that the minister when drafting this bill had in mind that a person would be able to deduct municipal taxes as gifts. He shakes his head and smiles. I gather he did not intend that interpretation. This was obviously an oversight on his part. We invariably find that the greater burden of taxation is carried by individuals in the lower income bracket.

Another factor to be considered is the high rate of interest on mortgages. These rates have increased very sharply in the last few years. This is the direct result of government action, and a larger bite is being taken in this way out of the income of the individual. Not long ago a motion appeared on the order paper dealing with this matter. It suggested generally that there should be some relief for those people who have to pay land taxes. It would seem to me that by allowing home owners to deduct municipal taxes in the same way as gifts these people would be treated more fairly than they are at this time.

As I read this clause I cannot think of anybody who would be able to take advantage of the tax relief. No one I know is sufficiently affluent to be in a position to make gifts to provinces, the federal government or an agency thereof.

An hon. Member: You don't know the right people.

Mr. Howard: The people I have been associated with all my life make lots of involuntary gifts to provinces, municipalities and the federal government by way of taxes. It seems to me that this clause again favours those people who have a sufficiently large income that they can make large gifts to agencies of government. Apparently they are to be allowed to deduct the entire amount of such gifts, probably amounting to thousands of dollars, from their net incomes.

On the surface this seems to be a favourable piece of legislation but I submit that it is in fact discriminatory. The 10 per cent ceiling in so far as gifts to charitable organizations are concerned is to be maintained. The average taxpayer makes gifts to organizations such as the Red Cross and others that partake in the red feather campaign. They make contributions in amounts of $5 or $10 but they are limited as to the amount they may deduct from income for purposes of taxation. The clause before us has reference really to millionaires who are in a position to make large gifts to governments or their agents. They will be allowed to deduct the entire contribution from net income. I would be more disposed to accept the clause if the minister would indicate that individuals who make gifts to municipalities and provinces in the form of taxes could deduct them from net income.

Persistently throughout the debate on the successive bills the minister has introduced, those rejected by parliament or by the Speaker, we have talked in terms of the necessity to provide tax relief for the individual, the working stiff or the guy in the lower income bracket. It is obvious from this tax measure the government is not concerned about that individual. Once again the government wants to extract everything it can from the wage earner who is not in a position to deduct living and travelling expenses from his taxable income as the businessman is able to do. These people have been forgotten again.

Some individuals have suggested we should support this clause because it does offer tax relief. It does not offer any tax relief to those individuals who most need it. The wage earner is not able to juggle his income or cook his books in order to receive more favourable tax treatment. He is unable to make any adjustments whatsoever because the tax is deducted at source. All the clause offers him is the opportunity to make a contribution to a municipality or to a government or its agencies. He can still, of course, make small contributions to service organizations and deduct these from net income up to a ceiling of 10 per cent. The fact that the amendment says that an individual can deduct the total amount of any gift made to a municipality or a government indicates again that special treatment is being given to the rich.

• (5:40 p.m.)

Because of the discriminatory nature of clause I I cannot see why it should be supported. But I could support it if the minister would undertake to make, if not a straight declaration of intent at a specific time, at least some declaration about land taxes and the interest rates which people have to pay in order that some counterbalancing recognition would be given by the government to those from whom it is extracting the most taxes. If the minister will give us any assurances in this regard I will be very interested in listening to them.

Mr. Sharp: Mr. Chairman, as I explained in reply to the hon. member for Carleton, all this clause does is extend to gifts to the crown in right of the provinces the same treatment as has been accorded until now to gifts to the crown in right of Canada. I can assure the hon. member that since I have been Minister of Finance I have looked several times at the proposals that have been made that taxes on property or interest on mortgage debt should be deductible from taxable income. I have never been persuaded that this was particularly equitable and I was confirmed in this view by the views of the Carter commission, with which my hon. friend's party is apparently in very close agreement.

The members of that commission, after investigating these very proposals, came out very strongly against them on the ground that it was not equitable as between home owners and tenants, and so on. Indeed, the Carter commission almost recommended that the imputed rent on owner-occupied houses should be subject to tax. They wanted to move the other way altogether and tax home owners even more than they are now taxed. This is the view the Carter commission came to. I mention this as further evidence that it is a very arguable proposition whether it is equitable to deduct either property taxes or mortgage interest.

In my case, one of the reasons I live in a house that I own rather than an apartment is

that it really pays me because I do not have to pay tax on imputed income. Perhaps I should, but I certainly should not be permitted, I think, to deduct from my income the taxes I pay and—well, I do not have a mortgage but if I had, the interest on the mortgage.

Mr. Howard: You are lucky not to have a mortgage. How did you reach that stage? It is interesting that the minister has finally found something in the Carter commission report to which he can attach himself. It is obviously a peculiarly isolated attachment to one aspect only of the Carter commission report. As I understand it, the proposals of the Carter commission related to a total picture and a total package. The commission did not consider land taxes in isolation and look at them all by themselves. What is required is that we look at the total tax structure as it has grown up in Canada. This is what the Carter commission did and it came to a number of conclusions with regard to that total picture.

The commissioner was considering the total picture of the tax structure in Canada when he talked about the favouritism that exists in the tax structure with respect to a number of industries in this country. The commissioner also came to the conclusion that we should consider a dollar of income as a dollar liable to taxation. It was in this context that the Carter commission made its report. Therefore the fact that the minister extracts from the report of that commission a particular view with which he happens to agree does not in the total sense, I think, make that view invalid and it does not give him grounds for advancing it as a reason for disregarding or discarding the concept about which we are talking.

If I own a home and rent a room or own an apartment block and rent apartments I can deduct for taxation purposes the expenditures incurred by me in running whatever business I am running, whether it is renting one room or renting a whole apartment block. Included in these expenses are land taxes. It is quite true that in this sense the corporation that owns a block of apartments or the individual renting a suite extracts from the tenants sufficient money to help pay the total bill and leave a profit. But the tenants do not receive any consideration in their rent because the individual who owns the building is able to deduct the amount he pays in property taxes and on maintenance and the like. The owner of the house or apartment block can deduct these things from his tax bill.

[Mr. Sharp.]

The minister did not say that our point was invalid; he said it was arguable. I submit that he cannot reject it with any validity, and any reasonable assumption that anybody will accept his rejection, on the basis that he has taken from the report of the Carter commission one or two paragraphs simply to substantiate his point of view, unless he is willing to accept the whole of the report of the commission. I say this because the report of the Carter commission was a package proposition. All I can read into the minister's remarks is that once again here is an indication that the interests of the average wage earner, the only person who cannot escape the payment of income tax, have been disregarded.

Some hon. Members: Carried.

Mr. Peters: Mr. Chairman, I am pleased to see so many Liberals in the house this afternoon and to find that they are still vocal. I would like to comment on the first clause of this bill. I thought I had spoken on it earlier but found that what I said bore no relationship at all to the clause under discussion. When I read the clause I was not only surprised to find that but also to find that donors would be allowed to make gifts to a province and deduct the amount of their gift from their income for tax purposes. Like the hon. member for Skeena I was shocked that anyone would feel inclined to make such a gift.

The minister in his explanation pointed out that this provision included a number of agencies of the federal government that are now being supported, at least partially, by gifts of this kind. I presume the minister was referring to federally sponsored research, probably some forms of the arts, the Company of Young Canadians and similar agencies which are accepting gifts in this way. I ask the minister how he justifies this provision. I do not know when the provision was passed, although I have looked at a number of the amendments to the act.

I presume the minister is aware of the amount of money being donated to the federal government by individuals and corporations. I am sure the minister has studied this matter because for the past few weeks he has been telling us that the government needs more money. This is obviously not a way in which to get more money. It is a way to allow a redistribution of money. In this case it is putting money into the provincial rather than the federal field. Perhaps there should be a

discussion of the relationship of this provision to the federal and provincial fields. I should like to know whether the minister has considered with the provinces the kind of dispensation there should be in respect of these gifts, and why this amendment does not include those responsible agencies of the provincial governments which should receive gifts.

• (5:50 p.m.)

In the province of Ontario, and particularly in the districts and unorganized townships of northern Ontario, there is what is called a land tax. This is not what the hon. member for Skeena referred to. This tax, which is collected by the department of lands and forests, is no better than a gift because we receive absolutely nothing in return for it. It is imposed on non-agricultural land held by an individual. In theory the government, in return for the tax, is supposed to provide fire protection. I wonder whether the minister considers that this land tax, which is really a gift, is subject to the provisions of the bill.

I should like to know why, when we are being asked to pass this amendment, we are not provided with a list of acceptable organizations in the provinces. I am not likely to be in the financial position to make donations to the University of Toronto but there are two or three people in my riding who may be rich enough to do that and take advantage of the income tax exemption. They may find that subclause 2 will allow them to include part of that donation in next year's income tax returns.

I can see the cancer society in the province of Ontario being supportet by donations from estates. There is a growing desire on the part of many families to request contributions in money rather than floral tributes. The minister appears to be giving a carte blanche cheque to anyone who wishes to make a donation to any of the provincially sponsored charities, unless he limits the number of those charities. The provision would also mean that if the government wanted to set one up it could be set up specifically for this purpose. Of course there may be regulations with respect to the provision but I wonder why hon. members seem to be so impatient to pass this amendment without knowing what it relates to.

I have always been concerned about amendments which do not state what they intend. In this case, whom will this amendment affect? I suggest that the minister may be giving away a considerable portion in taxes to the provinces and the result could be a loss of income to the federal government which he may not have fully anticipated. I am certainly not implying that his officials have not considered this matter but I think members of parliament should have some say as to the organizations to which tax free gifts can be made. I believe that a list of them should be attached as a schedule to the bill.

Mr. Sharp: To satisfy the hon. member may I say that Her Majesty in right of Canada is of course the government of Canada or any agency that is designated as an agency of the government. It does not apply to anyone else. This applies similarly to the provinces. Whatever agency it may be, it must in fact be the province or an emanation of the province. It cannot be a mixed corporation. It must be an agency that is the same as the provincial government or an aspect of it.

Mr. Peters: May I ask a question with respect to the example which I used of the University of Toronto? Certainly the Ontario government controls and operates it, with outside assistance. Would this provision apply to a donation to the University of Toronto?

Mr. Sharp: No, Mr. Chairman, it would be treated as a charitable donation which under the act would be subject to the 10 per cent limitation.

Mr. Howard: Mr. Chairman—

Some hon. Members: Filibuster. Shame.

Mr. Howard: The hon. members who are now yapping may not be concerned about the income of the federal government, but I have some questions to ask of the minister.

Mr. Barnett: We might not be in this position if some of these gentlemen had been here on February 19.

Mr. Howard: Yes, but the fact is we are here and the minister has presented a bill to the house asking parliament to approve a provision which will reduce the income of the crown. Could the minister give us his estimate of the loss of income or the difference between last year's and this year's income as a result of this provision?

Mr. Sharp: I do not think this will have an appreciable effect upon revenues. The purpose is to encourage those wealthy individuals, who might otherwise be tempted to give their donations to United States art galleries and so on, to give them, for example, to the

province of Ontario as part of their art collection, as well as to the national gallery. The effect upon the revenues is infinitesimal. I do not think there is a sufficient number of these wealthy individuals with art collections or with material of this kind which they would wish to donate outright to the crown, whether in right of Canada or in right of a province.

Mr. Howard: It would seem to me, since there is no limit, that this is all the more reason why centres of education should be included under the provision so as to attract greater contributions from these wealthy individuals instead of imposing the 10 per cent ceiling. Would the inclusion in this clause of centres of higher learning such as the University of Toronto or the University of British Columbia, so that gifts to them would not be subject to the 10 per cent ceiling, be considered by the minister as an acceptable amendment?

Mr. Sharp: I do not think it would be advisable to go that far. The hon. member knows there are many institutions which would demand the same treatment. This would have a serious effect upon the revenues and I think would give relief to people to whom there is no intention of giving relief under this legislation.

The Assistant Deputy Chairman: Shall clause 1 carry?

Some hon. Members: Agreed.

Clause agreed to.

On clause 2—*Corporations.*

Mr. Howard: Mr. Chairman, I recall that with respect to a similar clause in a previous bill the minister indicated he anticipated an additional revenue of $240 million. Is that still the situation?

Mr. Sharp: Yes, Mr. Chairman. The amount is approximately the same. There is some difference as a result of the change in the schedule of payments but the addition of the 3 per cent surtax makes it all up. So we are expecting about $240 million.

Mr. Howard: Does that $240 million not include the 3 per cent corporate sales tax?

Mr. Sharp: I have delayed in answering the hon. member for Skeena because I wanted to be accurate in my answer and was looking at my notes. The new pattern will result in some companies not making as many payments in the 1968-69 fiscal year as they would have under the schedule in Bill C-193, but this is almost exactly offset by the fact that the payments which are made will be greater by reason of the 3 per cent corporation surtax. But of course within a few weeks or months they would be paying some more, so there is no relief in the total amount of the speed-up. It just comes in at a somewhat different time.

Mr. Howard: Do I understand that the income from this amount is really income which in previous years has been paid as arrearages rather than in the current year?

Mr. Sharp: No, Mr. Chairman. As I explained once before when the previous bill was under consideration, what we are doing now is dealing with the corporation tax on a more up to date basis closer to the way in which individuals pay their tax. The result is that in this next year we will be getting from corporations another $240 million that they will never get back. This is an addition to our revenues. It is an additional amount that corporations must provide to us. The only condition under which they would ever get it back would be if they went out of business.

• (6:00 p.m.)

Mr. Howard: Mr. Chairman, when I used the word "arrearages" I did not use it in the sense that the deadline for paying these arrearages had been passed, in other words, that the corporations had been permitted to drag on into subsequent years payment of taxes for a previous year and all that was being done was updating the payment. In this case it is not additional money; it is merely compressing the first year's payment into a shorter period of time and carrying on in that way in the future.

Mr. Sharp: Mr. Chairman, so there is no doubt about this—this is a point about which there does appear to be some misunderstanding—the corporations will be required to pay $240 million more taxes than they would had we continued under the old schedule. As confirmation of that, when we put individuals on a pay as you go basis some years ago we forgave the amount of the additional liability. In fact this is an additional imposition on the corporations which they never retrieve unless they go out of business.

The Assistant Deputy Chairman: Shall clause 2 carry?

Mr. Cowan: No, Mr. Chairman. I waited for the question asked by the hon. member for

Skeena and I rose the minute that the minister had answered the question. We are now on clause 2 of Bill No. C-208. Shall I call it six o'clock?

The Assistant Deputy Chairman: Order. It being six o'clock shall I rise, report progress, and ask leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order. It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock tonight are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles), Income Tax; the hon. member for Carleton (Mr. Bell), Public Service; the hon. member for Northwest Territories (Mr. Orange), Northern Affairs.

It being six o'clock the house will now proceed—

Mr. Howard: Mr. Speaker, before you call the next order, there has been some conversation among members and I have a suggestion to make that may meet with the consent of the house. It is that the house make an order that in the consideration of private members' business the house take only that period of time during the hour that is necessary to deal with and dispose of item No. 1, which is Bill No. C-105 relating to Rainbow Pipe Line Corporation, and that having concluded our disposition of the bill the house then adjourn for supper.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: It being six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions (papers), private bills, public bills.

PRIVATE BILLS

RAINBOW PIPE LINE CORPORATION

On the order:

House again in committee of the whole on Bill C-105, an act to incorporate Rainbow Pipe Line Corporation (Without Amendment)—Mr. Orange.

Mr. R. J. Orange (Northwest Territories): Mr. Speaker—

Mr. Speaker: Do I understand that the hon. member for Northwest Territories is asking for the floor before we read the order for the house to go into committee of the whole?

Mr. Orange: Yes, Mr. Speaker. I have a point of order. In view of the fact that this bill will not be passed by the house because the sponsors of the bill are not prepared to make any amendments, I ask leave of the house to withdraw the bill from the order paper.

Mr. Speaker: The hon. member for Northwest Territories has moved that the said order be discharged and that the bill be withdrawn. Is that agreed?

Some hon. Members: Agreed.

Order discharged and bill withdrawn.

Mr. McNulty: Mr. Speaker, I believe there is unanimous agreement to rise now until eight o'clock.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Perhaps it would be more orderly if we resumed in committee of the whole so that business can continue at eight o'clock.

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

The house resumed consideration in committee of Bill No. C-208, to amend the Income Tax Act—Mr. Sharp—Mr. Batten in the chair.

The Chairman: Pursuant to special order I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Chairman: Order, please. House again in committee of supply on Bill C-208 to amend the Income Tax Act.

Mr. Cowan: Mr. Chairman, when the committee adjourned I had taken the floor to ask a question of the Minister of Finance. He is

not here at the moment, therefore I am willing to put my question to the Minister of National Health and Welfare regarding clause 2.

I maintain that clause 2 of Bill C-208 is the same as clause 4 in Bill C-193 which was disposed of by this house on February 19. In citation 163 of Beauchesne's fourth edition you will find authority for the proposition that mere alteration of the words of a question without any substantial change in its object will not be sufficient. I would ask the Minister of National Health and Welfare if he will outline to me what the substantial change is in clause 2 of Bill C-208, as compared with clause 4 of Bill C-193 which was disposed of.

The expert who was authorized by the cabinet to write explanatory notes on Bill C-193 described clause 4 this way:

> This amendment would require corporations to pay their corporation income tax over a period which commences two months closer to the beginning of their taxation year than at present.

He continues on for more paragraphs. The gentleman who wrote the explanatory note for clause 2 in Bill C-208 wrote about clause 2:

> This amendment would require corporations to pay their corporation income tax over a period which commences two months closer to the beginning of their taxation year than at present.

Those are exactly the same words as in Bill C-193, and the explanatory note continues on for quite a few paragraphs, exactly the same as the explanatory note in Bill C-193. I am simply following in the steps of the Minister of Finance who yesterday asked the Leader of the Opposition—he said he was not doing so by way of personal needling—for the full gist of his argument. I am asking to get the full gist of what the cabinet meant in bringing in a bill which, as I said yesterday, strikes me by its resemblance in clause 2 to the former clause 4 in Bill C-193. May I have a detailed explanation as to the difference which makes it possible to bring that bill forward despite citation 163 in Beauchesne, which says:

> —without any substantial change in its object—

Some hon. Members: Question, question.

Mr. Cowan: Mr. Chairman, the Minister of Finance has finally come in. As I said, I would be happy with an explanation by the Minister of National Health and Welfare. If he does not wish to give an answer I should like to speak a little further. If he does not intend to answer my question I should like to speak further now.

Mr. Sharp: Mr. Chairman, there are differences between this clause and the similar clause in Bill C-193. These differences relate to the time of the payment of the instalments of taxes in order to make up the moving forward of the tax. These represent, I believe, some fairly substantial changes and I remember that His Honour, when he was dealing with the bill, recognized this and took exception to four other clauses in the bill which were the same. On that basis I reintroduced this bill, which is Bill C-208. It was my understanding that he did not take exception to this clause as being the same as the clause in the previous bill. That, I understand, was His Honour's ruling and I do not think, Mr. Chairman, that I can say anything more.

Mr. Cowan: Mr. Chairman, I would ask the Minister of Finance where the difference is when, under Bill C-193, by making ten monthly payments you end up in exactly the same place as you get to under Bill C-208 by making five bi-monthly payments. You end up in exactly the same place, in exactly the same amount. How does this fit in with "without any substantial change in its object"?

Mr. Nicholson: Mr. Chairman, on a point of order, Mr. Speaker has already ruled on these questions. Surely, this is purely an academic question at this stage.

Mr. Ricard: It is a new bill.

Mr. Nicholson: After hearing arguments from all sides of the house Mr. Speaker made his decision. He pointed out that there were differences in certain sections of the new bill before the house and none in others. Surely it is academic to be entering into further discussions, to be asking questions at this time and attempting to sit in judgment on the Speaker of this house.

Mr. Teillet: That is right.

Some hon. Members: Hear, hear.

Mr. Cowan: That's the spirit, boys. Don't wait for the argument. I have deliberately not mentioned Mr. Speaker's name or brought him into the discussion, but it was he who suggested to me to raise this point during argument on the bill.

An hon. Member: I doubt that.

Mr. Cowan: Thank you. I will repeat that again. The Speaker himself suggested to me that I could raise the point during argument on the bill.

Mr. Woolliams: That must have been told to you confidentially.

Mr. Cowan: I did not bring the matter up tonight—

Mr. Woolliams: Man, oh man.

Some hon. Members: Question.

The Chairman: Shall clause 2 carry?

Clause agreed to.

Clause 3 agreed to.

On clause 4.

Mr. Orlikow: I intend to oppose this clause in the same way as we have opposed every suggestion by this government and this minister to raise taxes at this time. Obviously, for 1968 the minister is proposing solutions for Canada's economic troubles that have been proposed by practically every government since the 1920's, when the economy has been in trouble. Those solutions failed then and, inevitably, this solution will fail now.

The minister says that the way to cure our ills is to increase taxes and decrease the purchasing power of the Canadian people. Inevitably that must lead to greater unemployment. Deliberately the minister is following policies that will foster greater unemployment.

Recent figures released by the Dominion Bureau of Statistics relating to the Department of Manpower and Immigration prove that what we said a few months ago, when the minister first made his proposals, has come true. For the benefit of committee members I shall read these figures, contained in an article which appeared in todays Ottawa *Journal*:

> Unemployment in February rose to 482,000, up 18,000 from January, and represented 6.4 per cent of the labor force, highest level since March of 1964 . . .
>
> The February unemployment figure was 86,000 higher than the same month of last year . . .
>
> The February percentage of unemployed, 6.4, compared with 6.1 per cent in January and 5.4 per cent in February of last year. Two years ago the February rate was five per cent.

The increased personal and corporation taxes undoubtedly will increase the numbers of unemployed. An examination of the regional figures shows what difficulties we are heading into. In the Atlantic provinces 67,000 in February were unemployed. In Quebec, 179,000 were unemployed early this year; in Ontario there were 130,000, on the prairies 48,000 and in British Columbia 58,000.

• (8:10 p.m.)

What the minister has done can bring comfort to only one group of people in this country, that is, the forces of Quebec which are looking forward to separation. If unemployment in Quebec continues to rise at its present rate, what better argument could be advanced that federation cannot meet the needs of that province? Unemployment is rising everywhere and the policies the minister is following will make the situation even worse.

Opposition to what the minister is doing has come from many sources. Last month the Canadian Labour Congress and the Confederation of National Trade Unions made their annual submissions to the government. While these two organizations have differences about such matters as Bill C-186, their submissions with regard to economic and social matters are remarkable in their similarity. I wish briefly to put on record what the Confederation of National Trade Unions had to say in this respect. I quote this union rather than the Canadian Labour Congress because of the close association which some of the ministers opposite have had and perhaps still have, with that organization.

After all, the brother of the Minister of Forestry and Rural Development was the secretary of the Confederation of National Trade Unions, and the Minister of Manpower and Immigration was president of that confederation before he came here as a cabinet minister. I see the Minister of Forestry and Rural Development in his place. I wish to put on record what that confederation has said, because it bears directly on the proposals we are discussing today. The report I have here, which I shall summarize, states:

> The Confederation of National Trade Unions advocated yesterday stimulation rather than restraint of the economy, which it described as socially anarchic. The C.N.T.U. urged the recreation of a prices board and institution of some of the main proposals of the Carter royal commission on taxation.
>
> Sprinkled liberally throughout its annual presentation to the cabinet were suggestions that the government is creating a situation where the rich are getting richer and the poor getting poorer.

I will come back to that point in a few moments. The brief continued, according to this press report:

> The fine promises of a great society which lit up the eyes of the population seven or eight years ago and preserved among the masses a spark of friendship for the system governing us have had hardly any follow-up.
>
> The brief urged implementation of the Carter commission's recommendations that capital gains be taxed, corporation and personal income taxes be integrated and that a progressive tax rate be instituted.

I find this interesting because the Minister of Finance has on a number of occasions been highly critical of members of this group who have urged the implementation of the Carter commission recommendations. He has sought to create the impression that in doing so we were advocating a course contrary to the best interests of the working people of this country, a charge we have consistently denied. The briefs submitted by the Confederation of National Trade Unions and by the Canadian Labour Congress, both endorsing the basic proposals of the Carter commission and urging the government to implement them now, show clearly the line taken by these organizations which between them represent almost two million Canadians who work for wages.

Instead of doing this, the minister tells us that because we are in financial difficulties a surcharge of 3 per cent on personal income tax must be levied, accompanied by an increase in corporation taxes. Rather than implement the Carter commission report the hon. gentleman is penalizing those who are already paying more than they ought to pay. At the same time he allows those corporations which are in the select group of resource based industries to get away scot free, as they have all the time.

In addition, the minister and the Prime Minister have sought to create the impression that the reason for our difficulties at the present time is that we have permitted wage increases which are unreasonably large, in excess of the ability of the economy to stand, more than the increase in our productivity justifies, and so on. The Prime Minister said in his speech—and I quote from page 7 of the press release giving the text:

> Corporation profits, which in the early years of expansion had risen strongly to relatively high levels, have, however, declined significantly in the course of the past two years.

That is true. But I wish that in the years when corporation profits were high, back in 1965 and 1966, we had heard from the Prime Minister, as well as from the president of the Bank of Canada, Mr. Rasminsky, who has also been making appeals for restraint lately, appeals directed to the corporations along the lines of those we hear today directed to workers and trade unionists urging them to exercise restraint and common sense.

One example of the inability or refusal of the government to urge restraint on those who ought to show it is the case which came up a couple of months ago when first Noranda Copper, then International Nickel and Hudson Bay Mining increased the price of copper by more than 25 per cent. Members of this party raised the matter with the Minister of Finance who promised to look into the situation.

He did so, and eventually we got a statement from the Minister of Trade and Commerce in which the hon. gentleman explained that world prices of copper had risen to such an extent that a 25 per cent increase in prices in Canada by the companies I have mentioned was actually quite moderate. The fact is that the profits of those private companies have never been as high as they are at the present time. But they did not feel called upon to exercise any restraint. After all, there is a war on in Viet Nam, there is a fantastic demand for copper, there is a copper strike in progress in the United States, removing domestic producers in that country from the picture, so why not get all the market will bear? Accordingly they raised their prices by more than 25 per cent. And what did the Minister of Trade and Commerce say, speaking for the government? The increase, he told us, was quite a reasonable one and the companies were acting reasonably.

In the face of this attitute I suggest that the proposal of the government for the establishment of a board to look into prices and, I suppose, into wages—certainly not into profits, because it would be too much to expect this government to appoint a board to look into exorbitant profits made by corporations—will prove as useless and as fruitless an effort as most of the measures the minister has put forward.

• (8:20 p.m.)

We intend to vote against this tax bill because we believe that increased taxes at a time of increasing unemployment will make the situation worse rather than better. If we want to use the resources of Canada in manpower and materials to meet the need for

homes, schools, hospitals and recreation centres we should not increase taxes, rather we should cut them.

I have another reason for voting against this tax proposal. Indeed it is my intention to vote against any proposal made by the government to increase taxes, as long as it refuses to face up to the need to wipe out the tremendous inequities in our taxation system. If we had an equitable taxation system the special interests in this country such as the mining companies, the insurance companies and the trust companies would be paying tens of millions of dollars more each year in taxes than they are now paying.

These special interests have done a wonderful job in confusing the Canadian public. According to them one would think the Carter commission was a group of wild eyed socialists who had no experience with business, who know nothing about the tax system or about anything else. The facts are the exact opposite. The Carter commission was appointed in 1962 by the Conservative government under the leadership of the right hon. member for Prince Albert. Mr. Kenneth Carter was a former director of the Canadian Tax Foundation. The commission hired a large staff of competent, well trained experts who spent about three years making their studies. The study cost $3½ million, and the report has been greeted with approval by everybody except the Minister of Finance and the special interests who, it seems to me, he is here to represent and to defend.

The Carter commission on taxation found that essentially Canada has an unfair tax system. It found that billions of dollars of income are escaping tax altogether, or enjoying tax privileges which make the burden of taxation on the rest of the people of Canada that much greater. It recommended lower taxes for income groups making less than $10,000 a year, and higher taxes for those making over $10,000 a year, and taxes for persons making capital gains. The commission's recommendations would have benefited 95 per cent of the people of Canada. Conversely they would have hurt the 5 per cent who get special privileges under the present tax system. Naturally we heard ad nauseam from the 5 per cent as to the inequities and iniquities in the proposals of the Carter commission.

While these special interests represent only 5 per cent of the people of Canada obviously they have the ear of the Minister of Finance and of the government because the minister has found innumerable reasons to ignore the commission's recommendations and to refuse to implement them, saying that further study is needed, and going into great detail about the difficulties of implementing the recommendations. In my opinion, as long as we have this minister and this government in office it is unlikely that the Canadian people will see the Carter commission's basic recommendations implemented.

What did the Carter commission find out? As I said a moment ago, it found out that the present taxation system does not afford fair taxation for all Canadians. It found that the present tax structure has led to Canadians being less well off, through the lack of goods and services that could be provided by more efficient use of labour, capital and natural resources. It found that compliance and collection costs have been needlessly raised by duplication in provincial and federal administrations; and that the federal tax administration is open to political influence. I will come back to that point in a moment, Mr. Chairman, when I examine the reason why the government has not yet implemented a capital gains tax.

The commission also said:

> We are fully aware that these conclusions constitute a severe criticism of the present tax system. They were not arrived at lightly nor are they the result of pre-conceived opinions.
>
> Whenever conflicts arose in our proposals—they were reconciled in favour of equity.
>
> We are convinced that preserving and developing the system by scrupulously fair taxes must override all other objectives.

With respect to the privileged groups that I have mentioned, it recommended that mining companies should have their depletion allowances removed. It pointed out that 85 per cent of the benefits of such allowances go to only eight oil and mining companies, most of which do not need this incentive. Removing these exemptions would provide a minimum of $150 million a year to the treasury. Mr. Chairman, that is the 1964 calculation, and I suggest that the 1968 calculation would show an even greater amount.

The commission found that the uranium industry, in its existence up to 1964, on an investment of just one quarter of a billion dollars made a profit on that investment of over $250 million, or 100 per cent, but that it paid only $30 million in taxes. I remind hon. members of the comments of my colleague, the hon. member for Sudbury, who pointed out that the uranium industry left individual miners in Elliot Lake to carry the burden of

paying for homes, when they had no jobs left. The industry left the local municipality with the cost of paying for services, for lights, sewers and schools that had been built, in expectation that it was a permanent industry. The industry itself got off scot free.

The commission pointed out that in 1964 revenues to Canadian insurance companies exceeded expenditures by $90 million, including policy dividends and increases in reserves. Income tax was paid on only $5 million of that amount, and amounted to $2 million. At the same time Canadian insurance companies, with about 30 per cent of their business abroad, paid $13,800,000, or six times as much, to foreign governments. Foreign companies paid no income tax on a comparable amount of insurance sold in Canada. Had the prosperous insurance companies been taxed on the same basis as other corporations, in 1964 they would have paid $77 million instead of $2 million.

This is the kind of tax system which apparently the minister wants to perpetuate, and in order to do so he is asking hon. members to approve an increase in personal income tax that will affect every taxpayer in Canada, an increase of 3 per cent, and an increase in taxation on corporations which are already paying their fair share of taxes. The minister is doing this in order to continue the completely despicable system of permitting oil, mining, and insurance companies to continue paying virtually no taxation at all.

• (8:30 p.m.)

I pointed out recently that the Pine Point operation owned by Cominco in three years made a profit of over $80 million, and because of the three year tax free period will not pay five cents in taxes on that money. I think it is ironical that the railway which was built in order to bring the ore out of the Pine Point mine was built by the C.N.R. I presume it was financed in the usual way by the government of Canada borrowing money on which interest must have been paid.

The Carter commission recommended that all income be taxable. If one strips away the technical language in the report this would seem to mean that income from stocks options should be taxable, that gifts should be taxable, and that income of any kind whether in the form of unemployment insurance payments, compensation payments, sickness benefits, and so on should be taxable. Of course we are told that the workers do not wish to pay a tax on these items. No one wants to pay taxes.

[Mr. Orlikow.]

I suggest, Mr. Chairman, that the amount of tax a worker would pay on unemployment payments or compensation would not be very much. This would be a small price for the ordinary worker to pay, if as part of the package the corporations paid their fair share of taxes, if those engaged in profiteering paid a fair share of the taxes and if those engaged in gambling and games paid a fair share of the taxes. Many people would not like to pay these taxes, but if we went along with the other proposals of the Carter commission which would benefit the bulk of the Canadian people they would be very happy to pay taxes on these items which I have mentioned.

The Carter commission recommended that block tax credit be given for secondary education costs and that a capital gains tax be applied to property. The commission also recommended that there be limits on expense account living. One cannot go into any expensive restaurant any day of the week in the cities of Montreal, Ottawa, Toronto, Winnipeg, Calgary or Vancouver without seeing a large number of people eating expensive lunches which are paid for almost completely by the people of Canada, because these lunches are charged to the cost of doing business.

The Carter commission also recommended taxation of families as units, with a provision for averaging year to year income fluctuations over a five year period. I have mentioned some of the recommendations contained in the Carter commission report. This party and other organizations, as well as individuals, have been calling on the government to implement these provisions. The government has refused to do this. This is not surprising when one realizes what this means to certain important industries. The mining industry on the basis of 1964 figures probably would have paid taxes on an additional $130 million or $150 million per year. Naturally the mining industry is opposed to the implementation of the Carter commission report. Unfortunately the minister seems to have listened to those engaged in that industry. The insurance companies would have paid taxes on profits of $90 million but they paid a tax on less than $5 million.

I think it is scandalous that the minister has refused to bring forward the slightest hope that the government of Canada would follow the example of virtually every other country in the western world in implementing a capital gains tax. I should like to place on the record the views in this regard of a man

who certainly cannot be called a wide eyed radical. I am speaking of Mr. Douglas H. Fullerton who has made his mark through the work he has done while serving on various commissions, having been appointed by former Liberal governments.

The Chairman: Order. I must interrupt the hon. member to advise him that the time allotted to him has expired.

Mr. Caouette: Mr. Chairman, before we proceed any further in the debate I have a question which I should like to ask of the minister.

Mr. Sharp: Mr. Chairman, before the hon. gentleman asks his question I think perhaps I should inform members of the committee who are not aware of it that there have been some very dramatic developments this evening which affect the international money markets. I am not fully aware of what these developments are, but there has been a change in the rediscount rate in the United States. I gather also that the gold market has been closed in London and there is some talk about a bank holiday. I thought I should so inform the house and ask that if possible we complete the work in the committee stage. I will have to engage in some urgent consultations with my officials to determine what action this country should take under the circumstances.

Mr. Caouette: Mr. Chairman, this is exactly the question I had intended asking the minister. I wondered whether the fact that tomorrow will be a bank holiday in Great Britain would affect the Canadian situation.

Mr. Martin (Timmins): Mr. Chairman, I wonder whether the minister could possibly answer another question. Although I have heard this secondhand, I understand an announcement has been made that the United States rediscount rate has been increased. Will that mean that this country will have to follow suit tomorrow?

Mr. Sharp: It is exactly considerations of this kind which I should like to have an opportunity to discuss with my advisers. There obviously has been a very dramatic development in the last few hours. I hesitate to make off-the-cuff statements under these circumstances.

• (8:40 p.m.)

Mr. Knowles: In the light of the statement the minister has made, I wonder whether it would not be advisable for us to suspend the discussion of this bill tonight and let the minister have his consultations without the pressure of having to sit here.

Some hon. Members: No, no.

Mr. Knowles: I offer that suggestion, but if it is not acceptable there are a few things some of us still want to say. Is the minister at all interested in having this discussion suspended and the house dealing with something else tonight?

Mr. Sharp: Mr. Chairman, I would naturally prefer to get through the committee stage. It is not our intention to proceed with third reading tonight, so there will be another opportunity for members to say something about the bill in principle. I believe it would also be very helpful under these circumstances if the house were to take action approving the bill at committee stage.

Mr. Stanfield: We do not want to cut anyone off, but we are prepared to proceed with the matter.

Mr. Knowles: Mr. Chairman, first of all, it may seem like coming from the sublime to the ridiculous to raise a very minor point about the wording of this clause, but I am sure the minister would like, before he gets through with it, to have the wording of this bill correct. The proposed new part 1A, section 104A(1) in clause 4 reads as follows:

> Every individual liable to pay tax under part I for a taxation year shall pay a tax for the year equal to 3 per cent of the amount by which its tax payable under part I by the individual for the taxation year exceeds $200.

When I first looked at that I wondered why the taxpayer was being referred to as "its". Perhaps that is the way the minister thinks of the taxpayer, as an "it". In spite of the fact that my French has not even reached the lousy stage yet, I have looked up the wording in the French version and if I understand it correctly, instead of "its" in line 32 it is "the".

Mr. Sharp: Mr. Chairman, I thank the hon. member. Apparently a slip was made in the drafting which was not noticed. If you look at new subsection (2) you will see that the "its" refers to corporations which are usually considered as being neuter, whereas individuals are not. The word should be "the".

Mr. Knowles: I have the amendment written out if the minister would like it.

Mr. Sharp: Thank you very much.

Mr. Knowles: Mr. Chairman, would you like to deal with this small change before we continue? I offer an amendment to the minister which reads:

That the word "its" in line 32 on page 3 of Bill No. C-208 be changed to the word "the".

Mr. Sharp: Mr. Chairman, may I say that this is not a vote of confidence.

Mr. Knowles: In the minister or in me?

Mr. McCleave: Mr. Chairman, I think it is either section 3 or 4 of the Bill of Rights which requires the Minister of Justice to consider carefully every piece of government legislation that comes before us. I suggest he must take his share of the blame for this lousy English.

The Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

Mr. Knowles: Mr. Chairman, I should like now to say a few words about the clause as amended. I need not take time to emphasize the position that we in this group have taken, to the effect that in our view this surtax ought not to be imposed. We shall therefore be voting against clause 4 of this bill. However, Mr. Chairman—

Some hon. Members: Question, question.

The Chairman: Order, please. The hon. member for Winnipeg North Centre has the floor, and I suggest that members of the committee ought to afford him the ordinary courtesy.

Mr. Knowles: Thank you, Mr. Chairman. The point I want to make can be made rather quickly, but I urge the minister to give it serious consideration. This clause adds a surtax which compounds any tax inequities that already exist. One very serious inequity which has developed, because things have been put together, like Topsy, relates to the income tax that now hits certain old age pensioners, particularly those who are receiving the guaranteed income supplement.

As the minister knows, a little over a year ago the government brought before parliament a measure designed, as stated by the government, to guarantee to old age pensioners a certain level of income. That level for a single pensioner was to be $105 per month or $1,260 per year. When that was done no change was made in the income tax provisions. The result now is that a single old age pensioner between the ages of 67 and 70 who is receiving the basic $75 a month but has nothing else, and therefore is drawing the $30 supplement, finds himself in a bracket where it is necessary for him to pay income tax.

Let me make it crystal clear, Mr. Chairman, that I have no objection to the imposition of income tax on the basic old age pension. We are satisfied that is the way it should be operated. If there is no means test it should be taxable income. However, when you require a person to go through a means or income test to get a supplement to bring his income up to a certain minimum level, and then turn around and take some of that guarantee away through the medium of income tax, we think this is grossly unfair.

Let me give the minister the figures, though I am sure they must have been brought to his attention. A single old age pensioner between the ages of 67 and 70 has an income tax exemption level, including charitable donations, of $1,100. If he gets a pension of $1,260 per year he has $160 on which he must pay tax. This tax amounts to $21.10 per year. That amount may not seem great, but this comes as a pretty cruel blow. The result is that this person is having to pay this tax, thereby cutting down the income which was brought up to the guaranteed level.

• (8:50 p.m.)

In the case of a married couple, if they are both between 67 and 70, the situation is a little worse. They receive a total of $210 a month, or $2,520 a year, and their exemption level is only $2,100. They have to pay therefore $54.10 income tax a year.

I am not quarrelling with income tax being imposed on the means test-free pension, the pension that everyone gets. But to submit people to an income test so they can be brought up to a certain minimum level, and then to turn around and take away part of that extra income is, it seems to me, grossly unfair. I think this is the kind of adjustment that ought to have been made in the income tax arrangements.

There are two or three other things I should like to deal with in this respect. However since the minister has said that third reading is not being called tonight, I can deal with those points in the few remarks I shall make on third reading. But, Mr. Chairman, I should like the minister's comments on the one case I have raised. I will defer the other points I have to make until we reach third reading.

Mr. Lewis: Mr. Chairman, on the understanding that the minister does not intend to call third reading this evening—

An hon. Member: He said that.

Mr. Lewis: Just hold your horses a moment. As I was saying, Mr. Chairman, on the understanding that the minister does not intend to call third reading this evening, my colleagues who were anxious to speak on this clause have agreed to defer their remarks, in view of the emergency which the minister announced.

The Chairman: Shall clause 4 carry?

Some hon. Members: Carried.

Some hon. Members: No.

Mr. Sharp: Mr. Chairman, I understood that the hon. member wanted me to make some comments tonight on this point. If not, I shall defer my comments until third reading. This is a point we have looked at on many occasions. I can confirm the general calculations the hon. member made, because I have made the same calculations myself. This is a very difficult point of principle, because we do of course include as taxable income all payments of old age pensions to anyone. They are part of taxable income. This is part of a general philosophy that income is taxed, however it is received.

This, indeed, is the underlying principle of the Carter commission, which suggests that there should be a comprehensive tax base that affects all income. It is not necessarily a contradiction to supplement incomes up to a certain level, and then tax them. It may mean that slightly less is received net; but nevertheless that is in accordance with the principle that not only underlies our tax structure but underlies the Carter commission report which is trying to work out a logical structure for the taxation of income.

The Chairman: Shall clause 4 carry?

Some hon. Members: Carried.

Some hon. Members: No.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to deal briefly with clause 4 of the bill which tends to increase the personal income tax, and I have always been against that.

We notice at present in the house an atmosphere which reflects pretty well the views I have always held on the subject, because the Minister of Finance (Mr. Sharp) has just announced a gold crisis throughout the world, because banks are flooded with requests for that precious metal called gold. Banks are therefore being closed, a state of crisis is declared, and all that for a metal found deep down a mine-shaft, which is turned into gold and buried in another hole, at Fort Knox, United States, or elsewhere and then, additional salaries have to be paid to have the army watch over it.

Mr. Chairman, it would seem that in 1968, in Canada as elsewhere, ministers of finance suffer from gold mania.

That reminds me of the four verses of the legend of the golden calf:

Le veau d'or est toujours debout
On encense sa puissance d'un bout du monde à l'autre bout
Et perché sur son piédestal
Satan conduit le bal.

It refers to the legend of the golden calf, the music of which was written by Gounod in Faust.

The gold mania has taken hold of the people in the western hemisphere. It is funny that we do not hear about the same crisis in the eastern world at this time. It is funny to see that the orientals do not suffer from the same mania.

However, while we worship the golden calf, while everybody bows before it in Canada as well as in other countries, unemployment increases. Statistics today indicate an increase in the unemployment rate which reaches a record in Canada, that is 8 per cent, and 8.4 per cent in Quebec. However, nobody seems to be worried about that. We do not hear the Minister of Finance nor the Minister of Manpower and Immigration (Mr. Marchand) proclaim a crisis. There are 179,000 unemployed in the province of Quebec. Nobody considers it a crisis. But, if some people want to buy gold, they call it a crisis. If the gold reserve decreases, at Fort Knox or elsewhere, immediately those who normally worship the golden calf have a fit, a feeling of excitement prevails and the situation becomes serious. But, when there are unemployed, like at the present time in Canada and in Quebec, nobody has a fit, nobody rebels. If we have destitution, if we have slums, if it is difficult to build houses, nobody gets mad about it.

• (9:00 p.m.)

Today, taxes are going up in Alberta, in Ontario, and Mr. Johnson in Quebec has also announced a shower of taxes. That is known

as a shower of taxes. Ottawa levies taxes, and Quebec does the same.

Not content with announcing his own shower of provincial taxes, Mr. Johnson tells the mayors association he has just met: We are doing our duty, we are assuming our responsibilities, we are increasing our taxes. Do the same, gentleman mayors. That is the advice Mr. Johnson gave yesterday, to the mayors of the Quebec municipalities.

And so, the federal government, the provinces, and the municipalities increase their taxes. School boards will be doing the same.

Where will the people go, with all those increased taxes?

Some hon. Members: Toward gold.

Mr. Grégoire: Toward gold.

In the meantime, the hon. Minister of Finance pulls out the few hairs he has left over the gold crisis. On all fours before the gold calf. Incense is burned to its power, and Satan leads the ball.

Still, if only the federal government raised taxes but gave more services. But no, it decreases them.

In Montreal harbour, the hon. Minister of Transport (Mr. Hellyer) has not done anything to solve the problem. He cancelled the subsidies to develop the Montreal airport. He cancelled the subsidies to develop the port of Quebec. He has done nothing about developing winter shipping on the St. Lawrence.

In Montreal, a new building was supposed to be erected to house the C.B.C., but the money to that end was reduced. The amounts were decreased and at the same time, taxes have increased under clause 4 of the bill now under study.

The government collects more taxes and, at the same time, it cancels the subsidies towards the construction of public buildings and for public services. At the same time, the provinces raise their taxes. That is a shower of taxes. Moreover, municipalities are advised to increase their taxes. Where are we heading, Mr. Chairman? Is it that our governments are so driven by the gold craze that they forget what is going on here, what happens to our population? The Quebec premier Mr. Johnson, said that there was only one solution and I use his own expression: Let Ottawa hand over some taxes to the provinces. But Ottawa will not let go: it is trapped in a struggle to save the dollar. Not to save the individuals or the unemployed, no: to save the dollar.

[Mr. Grégoire.]

In the United States it is gold, here it is the dollar. We must save the dollar. No matter if citizens are stripped of everything, if what they have left is taken away from them, if there is unemployment and misery. We must save the dollar. Let us save the dollar.

Things have reached a point where this government's slogan is: The dollar must be saved, gold must be saved. As for the citizen, no matter. There are 179,000 unemployed in Quebec, that is 8.4 per cent of the total, and that is of no importance. There is no time to think of that: the dollar must be saved, gold must be saved.

Mr. Chairman, it makes one wonder whether the government is not a little panic-stricken in the present situation. Why does the government not wage the same fight to save the individual, the Canadian citizen, as it wages to save the dollar? It is very important in a period of crisis to save the individual also. When I see this fight to save the dollar, I wonder what is wrong with Canada that we are forced to wage such a big fight? What could be the reason for such a crisis? Why an economic crisis?

Have potatoes stopped growing in Canada, as the Minister of Manpower and Immigration (Mr. Marchand) would say? Have cows stopped giving milk, and caused an economic crisis? Have hens stopped giving eggs? Has production decreased in our pulp mills, our industries? Has production stopped? No, Mr. Chairman, we are able to produce as much as before. Our industry, our agriculture can be as flourishing as they were. There is no crisis in those areas.

Our workers are not refusing to work. They are willing to carry on; they are ready to make every effort. Our dealers are willing to keep on selling: they have goods to sell. They are not short of goods. In proof of that, there are sales everywhere. Our natural resources are still there. We are still able to tap and develop them. Why, then, a crisis of the dollar?

The average citizen, Mr. Chairman, has a right to wonder why there is a dollar crisis, when our natural resources are still there, our industries are still there, our citizens are still doing their duty to produce, our businessmen are still ready to sell and Canadian citizens are ready to buy as much and even more than yesterday.

Why, then, a dollar crisis? Whence does it arise? Is it not rather a fictitious, artificial, superficial situation brought about by great financiers throughout the world with a view

to devaluating the real resource, production, to be in a better position to control it.

When a country gets prosperous, there are financiers who endeavour to control its industries, its businesses, its economy. They try to reduce the prices of those industries, to be in a better position to buy them, to control them, as was done during the 1929 depression.

Economy was thriving then. The dollar collapsed overnight, and great international trusts, big international corporations took control of our Canadian industries and succeeded in developing them to their own advantage.

From 1929 to 1939, at a time of another dollar crisis, and not an industrial crisis, some international trusts succeeded in getting the control of our large electric power companies, our pulp and paper mills, our major industries and, at the present time, they want to start the same game all over again.

Mr. Chairman, we are told there is a crisis, but I do not believe there is a real crisis. It is only in the minds of those who administer our economic and monetary system. The dollar crisis exists only in the minds of those who manage our monetary system, that is, in the mind of our Minister of Finance, the governor of the Bank of Canada and a few others, because there is no real crisis. We still have our natural resources, our resources, our workers in a position to produce and our citizens who can buy. It seems to me quite clear, Mr. Chairman.

Now, why is there a crisis at the present time? What have we done to be the victims of a crisis which we did not want? What is at fault in Canada that we are suddenly engulfed in a crisis? What happened?

Gold, Mr. Chairman. But for the past 28 years, our money has not been based on gold. It was a minister of finance of the Liberal government in 1940, Mr. Ilsley, who stated in 1940 that the value of the Canadian dollar was no longer based on gold.

• (9:10 p.m.)

Our dollar is not based on gold. Then why? Would it be on account of the monetary crisis in the United States, in Europe, in Great Britain or elsewhere? Now, since our dollar is no longer based on gold, why should we suddenly experience a crisis? Why should we be the victims of a crisis with which we have nothing to do?

It would be about time for our Minister of Finance to solve the problems of which he is responsible and he should refrain, moreover, from trying to solve the problems of others and plunging us in a crisis which does not concern us.

He says that the solution is higher taxes. That is not a solution, Mr. Chairman. On the contrary, it will only create a problem, because if the federal government, the provinces, the municipalities and the school boards raise their taxes, we will be showered by taxes, as they say, and the people, who bear the brunt of it, will be the victims of a crisis brought about by our Minister of Finance, who wants everybody to impose taxes. Other countries may be faced with a crisis, but it should not affect us because our dollar is no longer based on gold. However, there will soon be a crisis in Canada if everybody starts imposing more and more taxes.

Therefore, I am opposed to clause 4 of this bill, because there is no reason for this tax. Furthermore, this tax will help to bring about a real crisis which will affect the whole Canadian people. Mr. Johnson said yesterday: There is only one solution: let Ottawa lower its taxes. However, there is another solution: if Ottawa does not want to lower its taxes, let Quebec lower its own.

[*English*]

The Chairman: Shall clause 4 carry?

Some hon. Members: No.

Mr. Grégoire: On division.

The Chairman: Order. The question is on clause 4.

Mr. Knowles: As amended.

The Chairman: The question is on clause 4 as amended.

Clause agreed to: Yeas, 110; nays, 84.

The Chairman: Shall the title carry?

Some hon. Members: On division.

Title agreed to.

The Chairman: Shall I report the bill?

Some hon. Members: On division.

Bill reported.

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

Some hon. Members: Now.

Some hon. Members: Next sitting of the house.

Mr. Deputy Speaker: Next sitting of the house.

Mr. MacEachen: Mr. Speaker, I should like to ask the house to go into committee of supply for supplementary estimates.

SUPPLY

The house in committee of supply—Mr. Tardif in the chair.

BOARD OF BROADCAST GOVERNORS

1c. Salaries and other expenses, $35,000.

Mr. Sherman: Mr. Chairman, when the committee was last on this particular item—

Mr. MacEachen: Mr. Chairman, on a point of order.

The Assistant Deputy Chairman: Order, please. The minister is rising on a point of order.

Mr. MacEachen: In order to ensure the orderly discussion of the estimates, we are now considering the vote of the Board of Broadcast Governors. This will be handled by the Secretary of State. If it is agreeable, following the carrying of that item, if this is done tonight, I should like to call all of the items under the name of the Secretary of State. I hope that will be agreeable.

Some hon. Members: Agreed.

Mr. Pugh: She is not running.

Mr. Sherman: Mr. Chairman, when the committee was last considering this item a few days ago I was making some remarks about the extent of the improvements that I had detected in public affairs programming on C.B.C. television in recent months. I gave credit where I believed it was justified and made the point that I felt the Beryl Fox documentary on Viet Nam last Sunday night on C.B.C. television entitled "Last Reflections on a War" was a poignantly moving and beautiful experience. In my opinion it was a much better balanced program on Viet Nam than any I had seen previously on C.B.C. television, much better balanced than the previous C.B.C. television studies of Viet Nam.

I then moved on to what will be the concluding phase of my remarks, to say a word or two about the Board of Broadcast Governors and the passing of an era in Canadian broadcasting. The era of the B.B.G. is being phased out fairly soon and we will move into the era of the Canadian Radio-Television Commission, which will be the main supervisory authority in this field. I felt that a hail and farewell to the B.B.G., and particularly to its distinguished president and chairman, Dr. Andrew Stewart, was in order at this time.

Dr. Stewart came to broadcasting a virtual, or at least a comparative stranger. He came from the field of education to an industry of which he obviously possessed great knowledge and for which he obviously possessed great sensitivity. None the less it was an industry with which he had no direct connection. He brought to it, I suggest, Mr. Chairman, a rare dedication, a fine wit and a keen academic mind. He presided over the licensing and the control and authority-dispensing functions of broadcasting in Canada in one of its most exciting and explosive periods, when the so-called second stations entered Canada's major television markets. I refer to the new private stations that now constitute in large part the Canadian television network. Dr. Stewart, as head of the B.B.G., witnessed the inception of this new era in Canadian broadcasting, the era of private television operations and of competition in the major Canadian broadcasting markets.

I submit that as head of the B.B.G. he served both as father and as nurse to what are still comparatively new offspring. They are now testing and venturing upon new ground, but I am sure they are destined to fulfil a great role and serve a great purpose in Canadian national and cultural life in the years ahead.

• (9:20 p.m.)

I think the stations that came into being then, and all those connected with them, owe Dr. Stewart a debt of gratitude for the sagacity and sensitivity he displayed during the first difficult years of competitive television in this country. At all times in my experience Dr. Stewart ruled with understanding and responsibility. I join with my colleagues in this house in saluting Dr. Stewart for the contribution he made to broadcasting in Canada, as his board, the Board of Broadcast Governors, is phased out to be replaced by the new broadcasting authority. I suggest that the new chief of the Canadian Radio-Television Commission could do worse than mark the footsteps of the good doctor and tread in them boldly.

In the field of broadcasting in this country we stand on the threshold of an exciting era, of unexplored frontiers, when all Canadians,

because of the nature of the industry and of this country, will be integrally involved in Canadian broadcasting and affected every day of their lives by what is done by broadcasters. One case in point is educational television, or instructional television, a subject with which the standing committee on broadcasting, films and assistance to the arts has been studiously engaged for the past several weeks, and in connection with which that committee has been examining a wide variety of witnesses who have come to Ottawa to present to committee members their knowledge and expertise in this field.

The frontiers of Canadian E.T.V. have hardly been approached, let alone crossed. There are great chapters ahead for educational television in Canada. This is one area in which the new officers of the C.R.T.C., this new broadcasting authority, will be vitally interested. So, speaking for myself, I hope it will be possible for the views of Dr. Andrew Stewart and other members of the Board of Broadcast Governors to be made available to the standing committee on broadcasting while it is continuing its study of E.T.V. and before any long range policy in the field of educational television is formulated. All of us on the standing committee look forward to the soon to be announced appointments to the Canadian Radio-Television Commission. And we look forward to working with the new executive officers of the new broadcasting body in order to buttress and improve broadcasting in this country.

I conclude by reiterating my thankfulness and appreciation for the work that Dr. Stewart and the B.B.G. have done, a feeling that I am sure is shared by everyone in this chamber, and by expressing the firm belief that the new C.R.T.C. authority will continue in its predecessor's most instructive footsteps.

Mr. Howard: Mr. Chairman, the remarks of the hon. member for Winnipeg South, in contrast with those of other members of his party in the house in weeks gone by, are refreshing. The Conservative party has usually used any occasion on which we discuss broadcasting to castigate the Canadian Broadcasting Corporation. I am sure that we all at some time or other, when viewing C.B.C. programs, have heard views expressed with which we do not agree. That is understandable, because by its nature the C.B.C. must try to please everyone in Canada, and obviously that cannot be done all the time. Consequently from time to time all of us shall see programs which we find objectionable.

Regretfully, I say, we have not seen any element of reasonableness or balance in the Conservative party's approach to public broadcasting in this nation. Their criticisms have all been onesided and that is why the remarks of the hon. member for Winnipeg South sounded so refreshing. But no matter how often he expresses his views, new, fundamental views, perhaps, they will not undo the damage that has resulted from an unreasoned and unreasonable condemnation of the public broadcasting system by his party's members.

When the legislation establishing the Board of Broadcast Governors was introduced, and the old board of C.B.C. governors was to be replaced, a Conservative government was in office. That legislation was alluded to by practically everyone who supported it as the salvation of broadcasting in Canada. Credit should be given where credit is due. The man who piloted that legislation through the house was a highly respected, honoured and loved member. Practically everyone, regardless of party, held him in high esteem. I am referring to the late George Nowlan.

Regardless of the qualities of the then new legislation to establish the Board of Broadcast Governors, all was not well. All on the government side alluded to the bill as bringing in a most necessary organizational structure which would save Canadians from the denigrating effects that television and radio would have if they were allowed to go on unfettered and uncontrolled.

It is interesting to see how appointments to that new Board of Broadcast Governors, which was established by the Conservative government, were made. The board was loaded with people whose only qualification for sitting on it was that they were Conservatives or Conservative supporters. Perhaps that is why the Conservative party now find it necessary to condemn public broadcasting in Canada. The board which the Conservative party established was abortive. Those who sat on it knew nothing about broadcasting. The Conservatives loaded the board with people who had no real conscience or determination with respect to making public broadcasting a worth-while venture in Canada. The Conservatives loaded that board with political appointees. In fact, at one stage during those years, while for some purpose a national conference of Conservatives was being held in the Chateau Laurier here in Ottawa, there were in attendance goodly numbers of young delegates and young gentlemen whose purpose appeared to be, not the business of the

conference itself but to search out individuals within the Conservative ranks in government who could provide a television licence. Again we saw the emergence of the lowest form of political involvement in the field of public broadcasting.

• (9:30 p.m.)

An hon. Member: Like your relationship with the C.L.C.

Mr. Howard: If the hon. member who made that comment would like to ask me a question, so that I could hear it, I would gladly yield him the floor for that purpose. Or if he would like to take the floor himself I would be glad to listen to him. I do not see any takers. The hon. member who just interrupted must be one of those whom the Minister of Agriculture labelled yesterday as one whose watermelon was more important than his head.

An hon. Member: Filibuster.

Mr. Howard: I know, Mr. Chairman, that you are concerned about the enforcement of the rules. I do not call upon you to protect me from these members who are yaking away for some unknown purpose. I am simply saying that if there is difficulty in Canada with respect to broadcasting, the Conservative party must bear the brunt of the blame because it was the Conservative party which sought to establish a Board of Broadcast Governors for the sole purpose of providing havens for its own political supporters. As a consequence, regardless of the merits which might have been inherent in the structure set-up, it could not operate with any effectiveness because it was loaded with political hacks. These are the facts. No wonder hon. gentlemen to my right take objection to the truth when it comes home to them.

I want to say with respect to public broadcasting that I am not one of those who are addicted to television viewing. Indeed if there were a scale I would be on the other end of it, inasmuch as I do not particularly like television as a medium of communication or entertainment; I seldom take the opportunity of viewing it. But I do enjoy radio and especially I enjoy the C.B.C.'s radio broadcasting.

Over the years I have enjoyed listening to those programs which have always been of extremely high quality, and show evidence of fine programming, ranging all the way from the early morning news and views, including Max Ferguson's contribution, which I am sure, is a delight to all of us, to the more serious evening programs. Naturally there are programs which do not please everybody; any organization such as the C.B.C. which tries to deal with the Canadian population in total cannot please all the people all the time. But on balance the radio programs emanating from the C.B.C. are as fine this year as they were in years past and deserve a large measure of commendation and support.

I hear an hon. member use the word "filibuster"; I hear this word in the background. If any in this parliament over the last five years—I am not talking about right now—are liable to a charge of filibustering, it is the people in the Conservative ranks.

Mr. Régimbal: Know all.

Mr. Howard: They do not like the truth; it is too bad. They do not enjoy listening to it. We only need look at the progress made in considering broadcasting legislation itself. I understand there was agreement that if the broadcasting bill introduced this session was referred to a committee for close and essential examination, as it was, it would be considered in the house with a minimal amount of discussion. This was one of those gentlemen's agreements which are made. Yet when it got to the house we found the Conservative party unable to contain its desire to destroy public broadcasting in Canada, and for this purpose it was prepared to embark on a filibuster, day after interminable day, as though hon. members were determined to outdo their efforts during the flag fiasco.

I am attempting to talk in a reasonable way about an aspect of public broadcasting that I enjoy, namely radio. I am being enticed to depart from that subject by some friends of mine who sit very close to me. I intend to resist that temptation, however, and simply say that if we had more speeches of the type and quality of the speech about public broadcasting just made by the hon. member for Winnipeg South, a person who has obviously had a new view about broadcasting in recent times, we would get more of what people expect from parliament, namely a reasoned and balanced conversation about public policy. As it is, we find one particular party hell bent to destroy public broadcasting, to which end it is prepared to embark on a continuing program of vituperation which encourages among the general public a lack of perspective when it comes to the broad concept upon which the C.B.C. was founded. I have no further comment to make, other than that.

Mr. Grafftey: I intend to speak very briefly on this subject. I believe it is a happy coincidence that the Secretary of State should have within her jurisdiction not only the C.B.C., for which she reports to this house, but also the national arts centre currently under construction in Ottawa. I say it is a happy coincidence, because over the years the C.B.C. has had a mandate to encourage Canadian talent in the performing arts. I believe everybody in this house and in Canada generally recognizes that the C.B.C. has done an outstanding job in encouraging the performing arts in Canada. I repeat myself when I say it is a happy coincidence that the Secretary of State has the responsibility for reporting both the C.B.C. and the national arts centre. As I understand it, the new national arts centre will have a general mandate to encourage the performing arts in Canada, and I trust that the C.B.C. will co-operate to the greatest possible extent with the centre in carrying out that mandate.

• (9:40 p.m.)

I have already talked to the minister about the type of musical bodies that the arts centre will encourage initially in Ottawa. In years gone by the C.B.C., especially through its radio section, did a fine job in encouraging musical groups, although such may not necessarily be the case today.

I have also discussed this matter with the Minister of Consumer and Corporate Affairs. The national capitals of many countries have developed magnificent symphony orchestras, with the assistance of public funds. I do not for a minute suggest that Ottawa is a world capital in the sense that Amsterdam, Copenhagen, and some other capitals are, but I think we should make a start now by encouraging the role which the government must play in assisting the performing arts, and by urging the C.B.C. to co-operate with the new centre.

I wish publicly to thank the minister for the opportunities I have had to discuss this matter with her. I hope whoever occupies her position in the future—and I trust it will be the hon. lady herself, because she has done a good job in this respect—will encourage co-operation between the C.B.C. and the national arts centre in Ottawa.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I think that liberties are being taken, that the standing orders are being disregarded when we deal with matters somewhat outside the scope of the subject under discussion. At this point, I should like to avail myself of the same latitude in order to express to the Secretary of State (Miss LaMarsh) my satisfaction, and that of many Canadians, who were happy to learn today about the appointment of Hon. Georges-Émile Lapalme as chairman of an organization entrusted with the administration of an amount of approximately $10 million for film distribution.

Mr. Chairman, I think I may take the liberty of making a rather special comment, since I have known the appointee to this new position perhaps more intimately than most members, and I can say that he is a Canadian of unusual honesty, competence and loyalty. He has been noted for many years for his unfailing judgment in the field of arts, humanities, science and literature.

Some hon. Members: Hear, hear.

Mr. Mongrain: I wish to congratulate the hon. Secretary of State for this choice, which lead us to hope this new organization will know numerous years of fruitful accomplishments across Canada. She could not have made a better choice. Indeed, she is an old hand at it. I have already told her so, but she was not in the house at the time.

I do not say this only as a matter of courtesy which a gentleman always owes to a lady. It is in the light of results and facts. For instance, when she had the courage to say there was something rotten in the C.B.C., the Secretary of State won the admiration and the esteem of the large majority of members.

It happens that the hon. Secretary of State, in addition to her other qualities, is a Liberal. I imagine that if she were a Conservative, the same could be said about her, that is, she would have accomplished fully as much. But someone had to say some day that there was something wrong with the C.B.C. and that reform was urgently needed so that this corporation should really become the instrument of culture, national unity and common sense which it is supposed to be according to the idea of those who set it up.

I wanted to pay this tribute, Mr. Chairman, first of all in the name of all those who, like me, were concerned about certain bad habits which the C.B.C. had acquired, and who are happy to see that an effort is being made, at least, to bring about reforms and to prevent the abuses of the past.

I take personal pleasure in congratulating Mr. Lapalme for his appointment, for I had the opportunity to know him better than several of my colleagues. But I know that I

am expressing the feelings of many Canadians, especially those in the province of Quebec, when I say how glad we are to see that hon. Georges-Émile Lapalme has been appointed as chairman of the organization I mentioned earlier.

[*English*]

Mr. Peters: How long does the minister anticipate it will be before the B.B.G. is wound up and the new commission is appointed?

Miss LaMarsh: I think the order in council has already been passed indicating that the act will be proclaimed on April 1.

Item agreed to.

SECRETARY OF STATE

A—Department—

1c. Departmental Administration, including grants as detailed in the Estimates—To extend the purposes of Secretary of State Vote 1 of the Main Estimates for 1967-68 to provide that the Centennial Commission shall cease to exist on the 1st day of April, 1968; that all rights and property held by or in the name of or in trust for the Commission, and all obligations and liabilities of the Commission, existing before that day, shall continue as the rights, property, obligations and liabilities of Her Majesty in right of Canada; and to authorize the Secretary of State to do and perform all acts and things necessary for or incidental to closing out the affairs of the Commission and to provide a further amount of, $274,400.

Mr. Peters: This is a quite considerable item and it gives me an opportunity to congratulate the minister on the work that was done during centennial year. Governments move slowly, and here I can think of the National Arts Centre which has been abuilding for years. Had the Secretary of State been able to find people like John Fisher, and some of the others in the Expo organization, much of the red tape could have been avoided. They were able to get the Expo operation developed in good time for centennial year.

Although there was considerable duplication of costs, I think all Canadians will look back on centennial year as a great success and something to remember with a great deal of pride. Building nationhood is a difficult process. It is often developed most during periods when a country has to make an extreme sacrifice. Canada took a great step toward nationhood each time it became engaged in a war, but I think Canadians combined together during centennial year to take a great stride forward into nationhood, thanks largely to the centennial commission's efforts.

[Mr. Mongrain.]

• (9:50 p.m.)

I should like to congratulate that great Canadian, John Fisher, who under extreme difficulty headed up the commission and carried on even in the face of the political backbiting which went on among his friends and colleagues in the commission. He was able always to put forward the idea that it is great to be a Canadian and that one should be proud to be in Canada. I believe that his spirit as well as the utterances he made as he travelled across this country in centennial year and in preceding years, combined with the roughshod way in which the minister on many occasions administered the operation of the centennial commission and tore through the red tape, together with her ability to get things done, made it possible for all Canadians to enjoy a very fine year. Now when we are in the process of paying the bill for centennial year I think we should look back with great pride at the operation of the centennial commission. I believe this will be a memorial to the effectiveness of one woman in cabinet.

Mr. Herridge: Mr. Chairman, I rise very briefly to support the remarks made by the hon. member for Timiskaming and to congratulate the minister for the role she played in our centennial year. I also congratulate her on her ability to find men during that year. I have heard it said that she was the ideal personality to fulfil the role of Secretary of State during our centennial year. She combined in her personality that duality of the traditional and the go-go.

Mr. Mongrain: Mr. Chairman, I rise on a question of privilege. After what I have heard here tonight I venture to say that the Secretary of State should run for the leadership post that is available.

Item agreed to.

2c. Construction or Acquisition of Buildings, Works, Land and Equipment—National Arts Centre, $7,500,000.

Mr. Peters: Mr. Chairman, I am very disgusted when I look at this particular project and think of the time involved in its construction. If Campeau has been able to build four or five high rise buildings in the time it takes us to put a pile of cement in a hole which has been there for three years off and on, I think it is about time we reconsidered the construction methods we use. When I went to Expo I was very impressed when I heard Mr. Shaw and others who were responsible for the development of Expo talk about

the critical path of building. The critical path of building has been a nightmare so far as the National Arts Centre is concerned. I realize that the Secretary of State probably has had nothing to do with the construction, since this no doubt comes under the Department of Public Works.

I should like to raise the point that the government service apparently has been able to obtain the knowhow in respect of the critical path of building. I would suggest that perhaps this ability in the critical path of building might be applied to the work undertaken by the Department of Public Works. If that department is not able to meet satisfactory schedules, then perhaps they should forget about building and let Campeau do it. Before the minister leaves, whether it be this year, next year or five years from now, I am sure she would like to be able to open the National Arts Centre. I am afraid that even if she is still in the department five years from now she cannot be sure that she will have this opportunity.

I believe the construction of this building is a national disgrace. The construction site is in the centre of the national capital where anyone can see it every day. We have established that we have the ability to find and hire the right people. The minister has been able to do this in respect of the very ingenious engineering projects which took place at Expo. Surely this ability can be applied to other government departments. I suggest that when the ministers obtain approval from parliament for expenditures, that they consider the critical path of construction so that when a building is to be built it will be built within a reasonable length of time. I believe that when it takes three years to construct the cement part of a building, that is too long a period. I suggest that this situation really is not satisfactory to the minister. I believe we should be very proud of the ability she has exhibited and I think that what has been accomplished in respect of the Expo construction should be extended to other works.

The Assistant Deputy Chairman: Shall item 2c carry?

Mr. Barnett: Mr. Chairman, I wonder whether the minister could tell us when the National Arts Centre will be finished.

The Assistant Deputy Chairman: Order. It being ten o'clock shall I rise, report progress and ask leave to sit again at the next sitting of the house.

Some hon. Members: Carry on.

The Assistant Deputy Chairman: Is it the wish of the committee that we carry on with the item?

Mr. Starr: Not unless we have some idea when the item will pass.

Resolutions adopted in committee of supply this day reported and concurred in.

• (10:00 p.m.)

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I should like to ask the house leader what we will be undertaking tomorrow, Monday and Tuesday? Perhaps he is able to give us this information now.

Mr. MacEachen: Mr. Speaker, tomorrow we will begin with third reading of the tax bill. Following completion of third reading we will continue consideration of the supplementary estimates.

Mr. Howard: In this connection, Mr. Speaker, in light of the extremely critical situation in the world referred to earlier this evening, I wonder whether the government would consider taking third reading of the tax bill on Monday, in order that we might see what develops over the week end and use third reading as a vehicle to discuss the situation?

Mr. Nesbitt: You can do that on supply.

Mr. MacEachen: I think we ought to have third reading of the bill tomorrow.

FINANCE

REQUEST FOR SUSPENSION OF TRADING IN GOLD

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to ask for the permission of the house to revert to motions in order that I might make a short statement.

Mr. Deputy Speaker: Does the house agree?

Some hon. Members: Agreed.

Mr. Sharp: Mr. Speaker, in view of the closing of the London gold market tomorrow I am tonight requesting all banks and other dealers in gold in Canada to suspend trading in gold tomorrow, Friday, March 15, pending clarification of the situation concerning gold markets during the week end.

I should also like to say that the governor of the Bank of Canada issued a statement tonight that the bank rate has been fixed at 7½ per cent, effective March 15.

Proceedings on Adjournment Motion

PENITENTIARIES

APPOINTMENT OF MEMBERS TO JOINT COMMITTEE

Mr. Bernard Pilon (Chambly-Rouville) moved:

That Messrs. Aiken, Allmand, Dionne, Fulton, Lachance, Matheson, McQuaid, Prud'homme, Ricard, Rochon, Stafford, Tolmie, Watson (Châteauguay-Huntingdon-Laprairie), Woolliams and Winch be appointed to serve on behalf of this house on the joint committee on penitentiaries which was established on February 1, 1968, and that a message be sent to the Senate to acquaint their honours thereof.

Motion agreed to.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

INCOME TAX—PROPOSED EXEMPTION OF GUARANTEED OLD AGE INCOME SUPPLEMENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Monday, March 4, as recorded in *Hansard* at page 7231, I put this question to the Minister of National Health and Welfare:

In view of the fact that old age pensioners between the ages of 67 and 70 who are drawing the guaranteed income supplement, even though they have no other income, are being required to pay income tax on a portion of their supplement, will the minister take up with his colleague the Minister of Finance the possibility of exempting the supplement from income tax?

The minister replied as follows:

I will be glad to discuss the matter with the Minister of Finance.

I then responded with this question:

May I expect an answer at ten o'clock one of these nights?

I can use less than my allotted seven minutes in putting this question to the Minister of National Health and Welfare tonight, in view of the fact that at 8.40 or 8.45 this evening when we were discussing the income tax bill before the house at that time I put the question to the Minister of Finance. I have to admit that the answer I got from him was not very satisfactory, so I am back where I was on Monday, March 4, urging the Minister of National Health and Welfare to make his representations to the Minister of Finance with respect to this matter.

[Mr. Sharp.]

After all, it was the Minister of National Health and Welfare who brought in the legislation providing for the guaranteed income supplement, and the point that he made over and over again was that the purpose of this legislation was to guarantee to our old age pensioners a certain minimum level of income. That minimum level was to be $105 a month for a single person, or $1,260 a year. However, as I pointed out when I was speaking during the committee stage of the debate on the income tax bill, because of the fact that a single person has a tax exemption of only $1,100, the $1,260 that he receives puts him into the income tax bracket to the point that he has to pay something over $20 a year in income tax. In the case of a married couple, the tax they would have to pay is something over $50.

In all these cases I am referring to individuals between the ages of 67 and 70. Once they are over 70, they have the extra $500 exemption and the problem disappears, at least for people at these income levels. The minister knows very well—and I am sure he will not argue with this and will not wish to misrepresent me on it—that because I believe in no means test on the old age pension, I agree that the old age security, means test-free pension has to be taxable income. That is one of the reasons that you have no means test, because you make the adjustment by means of the income tax.

So what I am talking about is not the means test-free pension but the supplement which people receive only when they are submitted to what the minister euphemistically calls an income test. Some of the rest of us still call it a means test. My point is that when persons have been submitted to a test in order to get money to bring them up to a certain level, they should not have that amount of money reduced. It is a very simple situation. The Minister of National Health and Welfare says to all his pensioner friends across the country: I have brought your income up to a certain minimum level. Then his colleague the Minister of Finance turns around and takes some of it away. I therefore ask, Mr. Speaker, if the Minister of National Health and Welfare will make strong representations to the Minister of Finance to correct this most unfortunate situation?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have had the opportunity to discuss the matter with the Minister of Finance (Mr. Sharp),

and the hon. member for Winnipeg North Centre (Mr. Knowles) anticipated the results of that discussion by putting the question directly to the Minister of Finance who is responsible, basically, for the income tax law. The minister put the answer on the record tonight and there is no necessity for me to repeat it.

Of course I disagree with my hon. friend when he says that there is a means test on the new guaranteed income supplement. I imagine that no matter how long we are in the house, the hon. member for Winnipeg North Centre will continue to regard this test as a means test, while I correctly describe it as an income test. My hon. friend realizes that while this group of people to which he refers is eligible for payment of income tax, they pay this tax because they have been raised to a level of income at which all taxpayers are eligible to pay tax.

• (10:10 p.m.)

So that what the hon. member is arguing is that in this particular case we should make a special provision which would place this group of taxpayers in a special category different from other taxpayers. The Minister of Finance has given the answer, and I have nothing to add to it.

Mr. Knowles: What about those over 70?

PUBLIC SERVICE—POSITION OF EXECUTIVE AND PROFESSIONAL OFFICERS RESPECTING COLLECTIVE BARGAINING

Hon. R. A. Bell (Carleton): Mr. Speaker, for a period of weeks I have been endeavouring, both publicly and privately but without success, to induce the President of the Treasury Board (Mr. Benson) to clarify the statement of government policy on the obligations in respect of collective bargaining of public servants employed in a managerial or confidential capacity, and as well to arrange the withdrawal or reversal of erroneous directives on the subject issued in certain departments. Two simple questions, proper answers to which would have clarified the situation completely, were placed on the order paper by me as numbers 1073 and 1074 as long ago as February 19, but they have been ignored completely, despite the fact that I have emphasized their urgency twice to the President of the Treasury Board and twice to his parliamentary secretary.

When no answers were forthcoming yesterday after the questions had been called seven times, I was given no option but to ask this further question, which appears at page 7585 of *Hansard*:

> Mr. Speaker, I should like to ask the President of the Treasury Board whether the government has taken any action to remove misunderstandings existing in several departments of government due to erroneous directives that employees in executive or professional roles are required to resign from employee organizations before collective bargaining begins.

The minister replied:

> Mr. Speaker, we looked into this question which my hon. friend has raised before, and found that in one department there was an erroneous interpretation of the directive of the Treasury Board. We have been in touch with this and other departments to make sure the directive issued by the Treasury Board is adhered to within the departments.

Regrettably that answer is not correct. There was more than one department which issued an erroneous directive, and in fact no effective action has been taken to make sure the law passed by this parliament is obeyed. The result has been that a great many public servants, under a totally erroneous impression of the law, have felt compelled to resign from employee organizations, to their great personal detriment as well as to the loss of such organizations. In my view, these unrepudiated directives constitute an unfair labour practice, and I hope the record may be set completely straight tonight.

What is the law? Under the Public Service Staff Relations Act certain persons employed in a managerial or confidential capacity are placed under certain natural inhibitions with respect to collective bargaining. Obviously a managerial person cannot be both manager for the employer and negotiator for fellow employees. Conflict of interest must be avoided.

Three things are equally apparent. First, not all executive or professional employees are managerial or confidential employees who will be involved in collective bargaining, and the act does not so contemplate.

Second, the final determination of who is a managerial or confidential employee involved in the duties set out in section 2(u) of the act is vested in the public service staff relations board. It is not a unilateral determination by the employer.

Third, the act contains no prohibition of a managerial or confidential employee so determined belonging to an employee organization, provided they are in a non-voting, non-policy making, non-negotiating capacity.

Consequently, the employee organizations have established associate member categories to accommodate such managerial or confidential employees. These members have no right to join in decision making, but they can enjoy insurance benefits, social advantages, grievance procedure representation, and other proper benefits. Indeed, this is the only way they can enjoy the full advantages of the grievance procedure.

Earlier this year the cabinet authorized a document entitled "Statement of Government Policy on the Obligations of Public Servants Identified as Persons Employed in a Managerial or Confidential Capacity". This statement, a copy of which was laid on the table yesterday at my request as sessional paper 159E, is, in my opinion vague and ambiguous, and in its concluding paragraph, misleading, particularly in implying that it is solely the opinion of the employer which determines who is a person employed in a managerial or confidential capacity. That is for the staff relations board.

Subsequently, several departments misinterpreted the cabinet's statement of policy and issued firm and absolute directives to all managerial or confidential employees that they must separate from staff associations. I wish to quote only two. In the unemployment insurance commission, the directive dated February 15 stated:

> This means that if you hold a membership in an employee organization you must terminate such membership.

The directive in the Department of Indian Affairs and Northern Development contained this phrase:

> You will lose this insurance by dissociating yourself from an employee organization, which you must now do.

I repeat, Mr. Speaker, "which you must now do". This was addressed on February 22 to "all managerial and confidential exclusions".

I am told that there are several other equally erroneous directives, Mr. Speaker, and that the result has been a great many totally unnecessary resignations from some employee organizations, with consequent forfeiture of genuine benefits to executive and professional employees, some of them of long standing. I consider this, sir, to be unfair, discriminatory and intimidating labour practices, as they are defined under the provisions of section 9 of the act.

[Mr. Bell (Carleton).]

In my respectful submission the cabinet statement of policy should be revised and stripped of its ambiguities and improper influences. The improper and erroneous departmental directives should be withdrawn, and all employees to whom they were sent should be advised of their withdrawal. I ask the government to make clear the undoubted fact that the type of associate membership set up, for example, by the Professional Institute and the Public Service Alliance for managerial and confidential employees is wholly unobjectionable, and indeed that such employees should in fact be encouraged to enjoy the undoubted benefits of such associate membership.

Mr. J. E. Walker (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I want to congratulate the hon. member for Carleton for his precise timing in asking this question on the adjournment debate. I believe he pointed out that the President of the Treasury Board answered this question today. My only wish is that the hon. member had had enough faith in the minister and in the parliamentary secretary to know that an answer to the question was forthcoming.

Mr. Bell (Carleton): It was not answered today.

Mr. Walker: I do not wish to attribute motives of any kind. It is the right and privilege of every member who represents constituents to bring questions before parliament. But the awareness of an answer to this question was apparent.

Mr. Bell (Carleton): It has not been answered yet.

Mr. Walker: The staff of the Treasury Board is aware of only one departmental communication—and this was made very clear by the answer of the President of the Treasury Board on March 13 last—that contained a misinterpretation of the statement of government policy on the obligations of managerial and confidential personnel. As soon as this was drawn to the attention of the deputy head, he immediately issued a directive indicating that the communication in question was to be disregarded.

The policy statement itself says, in part, that a public servant employed in a managerial or confidential capacity must refrain from any association with an

employee organization, as defined in the Public Service Staff Relations Act, that would be contrary to the provisions of law or that would create for him a conflict of interest.

I should like to point out to the house that, along with myself, the hon. member for Carleton was a member of the parliamentary committee that endorsed and approved these particular sections of the Public Service Staff Relations Act when it was reviewed by that committee.

NORTHERN AFFAIRS—REDUCTION IN BUDGET FOR NORTHERN HEALTH SERVICES

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, once again as a result of the directives which have been issued by the Department of National Health and Welfare I think we have created in Canada another barrier between the Indian people and the government of Canada in its efforts to bring these people into the mainstream of Canadian life. Today I asked the Minister of National Health and Welfare whether he was prepared to refer to the committee on health and welfare the question of medical services to the Indian people. Part of his reply I found most satisfactory, as it had an effect on the Northwest Territories and the northern health service situation. He told me then that he would undertake a personal, detailed review of the situation. He said that until he had concluded that review he could not prejudge the question of placing the matter before a parliamentary committee.

• (10:20 p.m.)

Here I think we face an ideological dispute, or some misunderstanding. It is my impression that the philosophy of the Department of National Health and Welfare has been that the health of Canadian Indians is not the responsibility of the federal government. In my hand I have treaty No. 11. If you examine that treaty, which was signed by the Indian people of northern Canada, you will find nothing about health services. However, in the report of the commissioner, H. A. Conroy, which is dated October 12, 1921, we find this paragraph:

> Practically all the bands dealt with wanted more provision for medical attendance at each post, schools for their children, and supplies for their old and destitute.
>
> I pointed out that they were still able to make their own living, and that Dr. A. L. McDonald, of the Indian department, was then with me, and that they could see him, and that he would attend them free if they wished, but that it was impossible for the government to furnish regular medical attention, when they were occupying such a vast tract of territory.

Regardless of whether the government of Canada is legally responsible to the Indian people of Canada for medical health services, I believe it has a moral, ethical and traditional responsibility. I do not suggest that the Indian people of Canada will not soon look after their own medical services; I suggest that the directive which was issued by the government in the Manitoba zone on March 6 does not add up, when it says:

> The bands should establish health committees whose duty it would be "to determine what Indians of the band are medically indigent". These committees should meet at regular intervals in order to keep their records of indigents up to date.

Also in the same directive it says:

> Indian bands that have funds must make their own arrangements for the purchase of treatment services either by paying local physicians directly or by arranging to take part in medical insurance programs. If Indian bands wish to purchase insured medical services, whereby Indian people can go to any doctor of their choosing, medical services branch will consider assisting such bands in the payment of such insured services.

I have read many documents issued by many government departments but never have I read one more ambiguous. The effects of this document may lead to a deterioration in relations which have been so carefully built up. Through the Department of Indian Affairs and Northern Development and through community development programs we have tried to bring the Indians of Canada into the mainstream of Canadian life. Yet we have here an example of one government department doing something contrary to the policy of another. I do not know whether there was liaison, but certainly there was no advance warning that this directive to cut down services would be issued. Certainly there was no consultation in this matter with Indian advisers and councillors.

Here we have a directive coming from an agency of government which, so far as I am concerned, may destroy the relationships which we have tried to build up in this country. I know the Minister of National Health and Welfare is deeply concerned about the matter and I know he feels strongly about it. I ask him to re-examine the situation, and if there are to be changes, to let those changes be known long before they are to take place. But, in the name of heaven, let us not further destroy the confidence that the Indian people of Canada have in their government.

Mr. Alkenbrack: Hear, hear.

Proceedings on Adjournment Motion

Hon. Allan J. MacEachen (Minister of National Health and Welfare): The question which the hon. member for Northwest Territories asked is very complicated and it is impossible to deal with it adequately in a few minutes.

Of course the main objective of our service, so far as the Indian population is concerned, is to make sure that our Indians belong to the mainstream of the Canadian community. The best way to ensure that any person in the Canadian community is in the mainstream is to ensure that dependency is reduced and independence established. This will certainly be the objective for all groups in Canada, including the Indian population. In the Department of National Health and Welfare we have been obliged, as have other departments, to scrutinize our estimated expenditures for the coming year, and while we have been able to maintain at least the same level of expenditures for northern health services and Indian health services as was established last year, we have not been able to maintain the significant increase which prevailed over the preceding year; we increased the level of expenditures in northern health services in that year over the former year by about 14 per cent.

Given a definite budget, the officers of the medical service have had to accommodate the service provided within those budgetary limits. Certainly the members of the department are sympathetic to the needs of the Indian population, and of the population of northern Canada. This interest and sympathy has been expressed by the continuing efforts to improve the level of services. But we have been obliged to readjust, rearrange and in some cases to curtail services for the coming year.

I have listened with great interest to the representations of the hon. member for the Northwest Territories and to other representations which have been made, and I am currently reviewing the situation in an effort to ensure that minimum changes are made in this service. There is no lack of sympathy or concern. The consideration is a budgetary one in relation to other demands on the curtailed estimates of the department. I shall be discussing this problem with my colleagues and I hope that at the end of this discussion and review I shall be able to make a more definite statement about these services.

Motion agreed to and the house adjourned at 10.30 p.m.

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF SECRETARY OF STATE

1c.

BOARD OF BROADCAST GOVERNORS

1c.

HOUSE OF COMMONS

Friday, March 15, 1968

The house met at 11 a.m.

JUSTICE AND LEGAL AFFAIRS

Fourth report of standing committee on justice and legal affairs—Mr. Cameron (High Park).

[*Note: Text of foregoing report appears in today's Votes and Proceedings.*]

PUBLIC SERVICE

TABLING OF REPORT ON DEVELOPMENT OF BILINGUALISM

Right Hon. L. B. Pearson (Prime Minister): I should like to table a report on the progress which has been made in the development of bilingualism in the federal government and, if the house desires, it could be made an appendix to *Hansard* today.

Mr. Speaker: Has the Prime Minister leave to table this document?

Some hon. Members: Agreed.

Mr. Speaker: Is it agreed that this document be appended to *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: For text of document referred to, see appendix.*]

NORTHERN AFFAIRS

TABLING OF REPORT ON ADMINISTRATION OF JUSTICE IN HAY RIVER, N.W.T.

Right Hon. L. B. Pearson (Prime Minister): I should like to table copies in English and French of a report by Hon. W. G. Morrow on the administration of justice in Hay River in the Northwest Territories and, in doing so, to thank Justice Morrow for the work he has done in preparing this report. Perhaps I might add that steps are being taken to produce the report in the Eskimo and Indian languages for distribution in the area.

Mr. Speaker: Has the Prime Minister leave to table this report?

Some hon. Members: Agreed.

TRANSPORT AND COMMUNICATIONS

CONCURRENCE IN TWELFTH REPORT OF STANDING COMMITTEE

Mr. Joseph Macaluso (Hamilton West) moved that the twelfth report of the standing committee on transport and communications, presented to the house on Wednesday, March 13, be concurred in.

Motion agreed to.

FINANCE

INCREASE IN INTEREST RATE BY BANK OF CANADA

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to address a question to the Minister of Finance and ask him whether he has been invited to a week end meeting in Washington. If he is attending, in what capacity will he be doing so in addition to his capacity as Minister of Finance? Is there any other capacity in which he will be attending?

Hon. Mitchell Sharp (Minister of Finance): I do not expect I shall be attending any meetings in Washington. I understand invitations are being extended to the governors of the central banks of the countries which are in the so-called gold pool, but to no others.

Mr. T. C. Douglas (Burnaby-Coquitlam): In view of the fact that the rediscount rate has been raised to 7½ per cent, as announced by the governor of the Bank of Canada, and in view of the effect this will have on interest rates generally, is the minister giving thought or will he give thought to the possibility of imposing some restraint on interest rates, bearing in mind that higher rates will increase costs and add to the inflationary spiral?

Mr. Sharp: The bank rate in Canada was raised to follow the rediscount rate in the United States. It was evidence that Canada intends to maintain the value of the Canadian dollar. If we had not acted in this way I think our position would have been subject to misinterpretation. The purpose is to continue

to attract capital into Canada in order to maintain the stability of the Canadian dollar and the Canadian economy. If we had not taken this action the result would have been serious. Therefore this is a contribution to employment, price stability and the general well being of the economy.

Mr. Douglas: In view of the fact that an increase in interest rates will increase costs and consequently add to inflation, is the minister considering any restraint to prevent interest rates generally from rising and avoid the disastrous effect this could produce by further escalating inflationary pressure on the economy?

Mr. Sharp: The only answer I am able to give is that I can think of nothing more serious than the instability of the Canadian dollar.

Hon. Marcel Lambert (Edmonton West): Would the minister explain to the house why there is a 2½ point spread in the so-called rediscount rate in Canada as compared to the United States, a spread which is much wider than is normally the case?

Mr. Sharp: Mr. Speaker, the difference between the rediscount rates in Canada and the United States is not really the significant figure. The really significant figure is the difference between long term interest rates in Canada and the United States. This is slightly above normal, but not very much.

Mr. Lambert: A further supplementary question, Mr. Speaker. Would the minister explain why there will be this 1½ point spread in the prime rate charged by the various banks as a result of the increase in the bank rate by Canada, which represents a 2½ point spread?

Mr. Sharp: Mr. Speaker, this is a reflection of the fundamental situation that exists in international markets today. This is one of the most disturbed periods we have had. I can only reiterate that I believe the measures that are being taken are essential to underline the importance of maintaining the stability of the Canadian dollar. I can think of nothing more useful to the stability of employment and the standard of living of Canadians than to defend the Canadian dollar at the present time.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I put a supplementary question?

[Mr. Sharp.]

In view of the fact that the Bank of Canada has announced that it will raise its discount rate to 7½ per cent, is the hon. minister considering the possibility that the chartered banks may increase their interest rates also?

[*English*]

Mr. Sharp: Mr. Speaker, the rate of interest in the market will be determined by the competitive forces that are at work, not only by the bank rate but by other factors as well. All I can say is that both the governor of the bank and I would prefer interest rates to be lower, but under the circumstances we believe that higher rates are the lesser evil.

[*Translation*]

Mr. Caouette: Mr. Speaker, may I put a further supplementary question? Could the minister tell us how it is that the Bank of Canada can increase its discount rate without consulting parliament which, after all, is sovereign in this country?

[*English*]

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Minister of Finance, on the basis that everyone agrees that stability of the dollar is important, whether he is considering some form of foreign exchange control to prevent a very large outflow of capital, instead of being concerned solely with attracting capital from outside.

Mr. Sharp: Mr. Speaker, the government looks at all possible measures that will underpin the stability of the Canadian dollar in this very troubled world. I think any suggestion that we put on foreign exchange controls would lead to an undermining of confidence in the Canadian dollar, which is the very result that none of us wants to see.

Mr. R. N. Thompson (Red Deer): Mr Speaker, I have a supplementary question for the Minister of Finance. I wonder if the minister could inform the house whether there is any intention to close the gold market in Canada, as has been done in Great Britain.

Mr. Sharp: Mr. Speaker, last night at ten o'clock I announced that I had asked the banks and the other dealers to suspend trading in gold. My officials have been in touch with the banks and the dealers, and I expect there will be general compliance with this request. This is a temporary measure pending clarification of the international situation.

[*Later:*]

Mr. John R. Matheson (Leeds): Mr. Speaker, I should like to ask the Minister of Finance which countries would tend to profit by an increase in the official price of gold?

Mr. Sharp: Mr. Speaker, to judge from what I know about the situation the principal beneficiaries would be South Africa, the Soviet union and those countries which have very large proportions of gold in reserve such as France and Switzerland.

[*Later:*]

Mr. S. J. Korchinski (Mackenzie): I have a question for the Minister of Finance, but apparently he was called away so I should like to direct my question to the Prime Minister. During the recent financial crisis, has the government been in direct contact with the governor of the Bank of Canada?

Right Hon. L. B. Pearson (Prime Minister): Yes indeed, Mr. Speaker.

Mr. Korchinski: May I ask a supplementary question. Was the decision made yesterday to increase the interest rate the result of a government decision or was it a decision by the governor of the bank?

Mr. Speaker: Order, please. This question, I am sure, is not in order.

NORTHERN AFFAIRS

REDUCTION IN BUDGET FOR NORTHERN HEALTH SERVICES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question I wish to direct to the minister of health and welfare. Has the minister received submissions from the premiers of Alberta and Manitoba protesting the reduction in health services to the Indian and Eskimo population of Canada? If so, what action has he taken to ensure that our native peoples will not have to bear the brunt of government fiscal mismanagement?

Mr. Speaker: Order, please. The hon. member realizes the second part of his question is in the form of an argument. The minister might answer the first part of the question.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have not received any messages from either of these gentlemen.

Mr. Dinsdale: A supplementary question, Mr. Speaker. Has the minister received personal representations with respect to similar reductions in northern health services from the commissioner of the Northwest Territories, Mr. Hodgson, who was so instructed by the Northwest Territories council?

Mr. MacEachen: No, I have not. I received representations from the hon. member for the Northwest Territories.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I may make a supplementary answer to the effect that this morning I received a telegram from the premier of Alberta on this subject.

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a supplementary question for the Minister of National Health and Welfare. In view of the minister's assurance yesterday that the moneys allotted to the northern health service had not been reduced, would he assure the house that the services provided are not being reduced as of April 1?

Mr. MacEachen: Mr. Speaker, I made a statement on this subject last night in response to a question asked by the hon. member for Northwest Territories. All the information is in that answer.

Mr. Dinsdale: Mr. Speaker, I thank the Prime Minister for his reply in which he indicated that he too had received a telegram. Could he indicate from whom the other telegrams were received?

Mr. Pearson: Yes, Mr. Speaker. I received a telegram from the premier of Manitoba, and last evening from the native women's conference which is meeting at the Mayfair hotel in Edmonton.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I wonder whether the Prime Minister would take the house into his confidence and tell us the nature of the telegrams, and what was his reply on behalf of the government in that regard.

Mr. Pearson: Mr. Speaker, I received the telegrams only a few hours ago and have not been able to reply to them. I would be glad to make them public, but I would have to get in touch with the premier of Alberta before I could do that.

Mr. Woolliams: Mr. Speaker, would the Prime Minister after some discussion be prepared to table the telegrams and his replies to them?

Mr. Pearson: I would be glad to do that.

Mr. Dinsdale: Mr. Speaker, yesterday the Minister of National Health and Welfare indicated that he would consider the possibility of tabling the directive which went out from his department indicating that health services would be reduced to the Indian and Eskimo population. Is he now in a position to table that document?

Mr. MacEachen: Not today, Mr. Speaker. I told my hon. friend yesterday that I would investigate the possibility of doing so, and I am continuing to do that.

Mr. Simpson: I rise on a point of order, Mr. Speaker. In answer to the question I directed to the Minister of National Health and Welfare he said he made a statement last night and that all the information was there. I should like to bring to your attention the fact that when the minister made the statement he said this question is very complicated, and that it was impossible to deal with it adequately in a few minutes.

Mr. Speaker: Order, please. That of course is not a point of order.

Mr. Frank Howard (Skeena): Mr. Speaker, I have a supplementary question for the Minister of National Health and Welfare regarding the directive to which reference has been made. If the minister should decide that it is not possible to make that directive public, could we prevail on the hon. member for Brandon-Souris to make it public?

Hon. Marcel Lambert (Edmonton West): I have a supplementary question, Mr. Speaker. Will the Minister of National Health and Welfare advise the house whether he is able also to table a copy of the letter from the regional director of his department in Edmonton to the deputy minister of the province of Alberta advising him that in Alberta the health services would be restricted to indigent Indians on reserves, and that beyond that health services would be the responsibility of the province of Alberta.

Mr. MacEachen: I would be happy to consider that suggestion, Mr. Speaker.

Mr. A. D. Hales (Wellington South): On a point of order, Mr. Speaker; would the Minister of National Health and Welfare consider asking the house to revert to motions so he could make a statement on this matter.

Mr. Speaker: Order, please. That is not a point of order; it is a question.

[Mr. Woolliams.]

EXTERNAL AFFAIRS

NIGERIA—COMMONWEALTH EFFORTS TO END CIVIL WAR

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In the light of recent publicized information from a leading Canadian expert on Nigeria concerning the continuing gravity of the Nigerian-Biafra conflict, could the minister advise us whether any further efforts have been made beyond those of Mr. Arnold Smith, and what Canada is doing toward the amelioration of civilian suffering in that area.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we have been in almost continual contact with the Secretary General of the Commonwealth on this matter. Whether there have been any other developments in the last few days I am not sure, but I will look into this right away.

Mr. David MacDonald (Prince): Mr. Speaker, I should like to ask the Prime Minister whether our government is asking the government at Lagos to permit shipments of relief supplies by the International Red Cross from Geneva to Biafra?

Hon. Paul Martin (Secretary of State for External Affairs): Yes, Mr. Speaker.

COMMONWEALTH RELATIONS

KENYA—PROTESTS AGAINST ALLEGED RACIST POLICIES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether the Canadian government has made any representations to the government of Kenya about the invasion of human rights implicit in the virtual expulsion of thousands of native born Kenya Asians?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, that matter is now being considered. I will take the question as notice.

Mr. Nesbitt: Has the government any information in respect of similar action reported to be planned by the governments of Tanzania and Uganda?

Mr. Martin (Essex East): I am aware of the situation in those countries.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I think this question might have fallen to the hon. member for Kootenay West. Regrettably he is not here today, so I am attracted to ask the question of the Secretary of State. I should like to ask the hon. lady whether she is in a position to answer the question I posed yesterday.

Hon. Judy V. LaMarsh (Secretary of State): I am so attracted to the hon. member I have forgotten what the question was.

Mr. Knowles: You could always say yes.

Miss LaMarsh: Mr. Speaker, about a year ago I told the hon. member who made that interjection that I have been waiting to say yes for a long time, to the right question.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration, a former unexcelled labour leader.

Considering the high standard of living that Canadian workers have obtained for themselves, thanks to the unions, can the minister tell us whether it would be a good thing for the half million unemployed to organize their own union, which might have as its main objective to force the department to assume its responsibilities?

Mr. Speaker: The question as asked is out of order.

IMMIGRATION

ALLEGED INACCURATE INFORMATION GIVEN BY OFFICIALS ABROAD

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration.

Is it true that the information supplied in Europe by immigration officials is incorrect and untrue and is prejudicial to the interests of immigrants on their arrival in Canada?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, it is not a fact that the information supplied is incorrect.

[*English*]

[*Later:*]

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the Minister of Manpower and Immigration. In view of the statements and charges made by recently arrived immigrants in this country, particularly in Toronto, that they were given wrong information by our immigration representatives in the countries from which they came, would the minister not investigate whether these charges are correct?

Mr. Marchand: Yes, Mr. Speaker, I will do that.

[*Later:*]

Mr. Starr: Mr. Speaker, I should like to address a delayed supplementary question to the Minister of Manpower and Immigration. In view of the serious charges which have been laid against the government or government representation in various countries, will the minister, after investigating the situation, agree to make a statement in the early part of next week in order to clear the government of these charges?

[*Translation*]

Mr. Marchand: Mr. Speaker, as soon as I have made inquiries and obtained information I shall make a statement to the house.

[*English*]

HOUSING

INQUIRY AS TO FURTHER GOVERNMENT ACTION

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to direct my question to the right hon. Prime Minister. In view of the report that unemployment in the month of February has gone very high, indeed to 6.4 per cent, is the government prepared to consider an immediate increase in the money supply and other activities to promote an immediate increase in housing as one method of dealing with unemployment?

Right Hon. L. B. Pearson (Prime Minister): We naturally want to do everything we can to take care of the increase in unemployment, which was 18,000 this month over the previous month. My hon. friend will be glad to know that figures for employment have actually increased over this month last year, but the increase in the labour force was even greater.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I should like to ask the Minister of Finance whether he is aware that prime conventional mortgage rates on residential

construction are almost 3 per cent higher in Canada than in the United States and, if so—

Mr. Speaker: Order, please.

Mr. Schreyer: May I rephrase the question by asking the Minister of Finance whether he can say that the government is contemplating any measures to reduce the differential existing in respect of conventional mortgage rates as between Canada and the United States; because this does not exist on any rational premise or reason.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, our whole policy at the present time is directed to trying to get interest rates in this country down, but this depends upon convincing the people who are lending money that our prices and costs are not going to rise and that the Canadian dollar is stable.

Mr. Woolliams: I have a supplementary question.

Mr. Speaker: Order, please. There have been so many members trying to ask questions on this matter I suggest that perhaps we should move on to another matter. We can return to this question later if there is time.

[*Translation*]

PENITENTIARIES

QUEBEC—INSTRUCTIONS RESPECTING PURCHASE OF FOOD

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to put a question to the hon. Solicitor General.

Is it true that the authorities of federal penitentiaries located in the province of Quebec have been instructed not to purchase meat stamped "Quebec-Approved"?

Mr. Speaker: If that question is in order, it should be put on the order paper.

Mr. Ricard: Mr. Speaker, with all due respect, I feel that question is very important as it may lead to inconveniences and misunderstandings between the two levels of government. To my mind, the hon. minister should at least pay attention to the question.

Mr. Speaker: The hon. member is making a representation to the minister. His question is in order to that extent.

[Mr. Schreyer.]

[*English*]

SHIPPING

HALIFAX—PROTEST AGAINST PROPOSED INCREASES IN HARBOUR AND PILOTAGE FEES

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, my question is for the Minister of Transport. I have given him notice, although not very long notice, of it. Has the minister received a protest from the Halifax branch of the Shipping Federation of Canada regarding proposed increases in pilotage and boat charges at Halifax; and will he personally examine into these increases?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I have not, since receiving notice of the question, had time to determine whether such representations have been received. I will make inquiries and advise my hon. friend.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. Could I ask the minister, while he is making inquiries into that matter, to see if he can find the report of the royal commission on pilotage.

AIR TRANSPORT

REQUESTS FOR ACTION UNDER REGIONAL AIR POLICY

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is to the Minister of Transport. In order to ensure that there shall be no discrimination against the prairies under the government's regional air policy, would the minister consider granting TransAir an extension of the present deadline on the life of its subsidy for service on the prairie run?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, this is not within the power of the minister. The show cause order was from the Air Transport Board, which has jurisdiction in this matter. They have now granted an extension of time to TransAir to file a new proposal. In the meantime the subsidy, as my hon. friend knows, is not being paid, but I am hopeful that TransAir will come up with a proposal that will be satisfactory to all concerned.

Hon. W. G. Dinsdale (Brandon-Souris): A supplementary question, Mr. Speaker. Could the minister assure the house that the prairie region will continue to have class I air carrier service as guaranteed under the regional air

policy of 1966, even though this means paying some sort of subsidy?

Mr. Hellyer: Mr. Speaker, my hon. friend is very familiar with the policy which was laid down and which I think will provide the kind of first class service in which he is interested. That is the policy we intend to pursue.

Mr. J. R. Keays (Gaspé): Mr. Speaker, a supplementary question to the Minister of Transport. Due to the long delay in the holding of hearings which would permit the granting of a licence to a regional air carrier for the lower St. Lawrence and northern New Brunswick areas, would the minister inform us whether a decision on this vital subject will be made soon?

Mr. Hellyer: Mr. Speaker, I will refer the hon. member's question to the Canadian Transport Commission.

Mr. Thomas M. Bell (Saint John-Albert): A supplementary question, Mr. Speaker. In view of the importance of this matter, would the minister do what he did on another occasion and stay in contact with his predecessor, our old friend the champion transportation dictator of all Canada, on this question?

Some hon. Members: Oh, oh.

Mr. Hellyer: Mr. Speaker, the president of the Canadian Transport Commission is in constant touch with the minister's office and is making—

An hon. Member: I'll bet he is.

Mr. Hellyer: I am just as interested as is my hon. friend in improving transportation facilities in all parts of Canada, and in the Atlantic provinces in particular.

Mr. Bell (Saint John-Albert): I have a supplementary question, Mr. Speaker. Will the minister say whether he was in contact with the chairman of the transport commission during the last few days, at the time of the parliamentary crisis?

Mr. Speaker: Order, please.

ADMINISTRATION OF JUSTICE

HAL BANKS—REFUSAL OF EXTRADITION BY U.S. GOVERNMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether the government of Canada has lodged a formal protest with the United States against the unusual and unique intervention on the part of the Secretary of State or the department of state of that country on behalf of criminals, whether common or uncommon. Is this not a most unusual incident, in which there has been so great an interference with the administration in connection with extradition?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I indicated yesterday that the government intended to make a protest. This note of protest was delivered yesterday by our ambassador in Washington. Political authorities in both countries have the right to veto judicial action, but to the best of my knowledge that right has not been exercised by the executive authorities in either country for over 50 years.

Mr. Diefenbaker: I have a supplementary question, Mr. Speaker. Is it not a fact that that right has only been exercised when the individual in question has been prosecuted for a political offence?

Mr. Martin (Essex East): Of course the right of veto in respect of a political offence is one which would continue to be exercised by governments in both countries. We take the position that this is not that kind of offence. To the best of my knowledge, research shows that neither government has exercised the privilege of executive intervention for a period of over 50 years.

Mr. Donald MacInnis (Cape Breton South): I have a supplementary question, Mr. Speaker. I wonder whether the Secretary of State for External Affairs would consider exchanging Doyle for Banks with the United States government.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to put a supplementary question to the Secretary of State for External Affairs. In view of the rather unusual television interview with the attorney general of Ontario last night, has the government an indication that Mr. Paul Hall of the Seafarers International Union in the United States brought pressure to bear on the United States government?

Mr. Martin (Essex East): I have no evidence whatsoever to warrant that suggestion.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I have a supplementary question which I should like to put to the Secretary of

State for External Affairs. Has he yet received any reply from the United States government in response to his request for reconsideration?

Mr. Martin (Essex East): Our ambassador has informed me that we should receive a reply today.

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO ACTION RESPECTING OFF-SHORE MINERAL RIGHTS

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, in response to a question put to him earlier in the week, the right hon. Prime Minister indicated that he hoped to be able to make a statement to the house this week on the steps the government proposed to take next with regard to off-shore rights. I presume we must give up hope for such a statement this week, but would it be possible for the right hon. Prime Minister to make such a statement in the house on Monday?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I could answer the question now, although the reply is probably a little longer than usual.

As my hon. friend knows, the decision of the Supreme Court of Canada has been given on this subject. At the federal-provincial conference in July, 1965 I informed the provincial premiers that the government of Canada would negotiate equitable arrangements between the federal government and the provinces after the legal question has been resolved. That has now been done.

The whole question of off-shore minerals presents many complex and difficult problems, and it involves at least six departments of the federal government. Consultations are now going on among these departments. These consultations should be completed soon, and at that time we will begin discussions with the provinces on the official level. When these are completed we will invite the provinces to a federal-provincial conference, where I hope an equitable and satisfactory agreement can be reached.

Mr. Stanfield: I have a supplementary question, Mr. Speaker. Is the government of Canada taking the position that this one decision of the Supreme Court of Canada in the reference in respect of the province of British Columbia settles the legal question with regard to all the provinces in Canada?

[Mr. Patterson.]

Mr. Pearson: Not necessarily, Mr. Speaker. I know the province of Nova Scotia takes a very different legal view of this situation. But we hope to be able to have discussions on the political level which will be satisfactory to all provinces.

Mr. Stanfield: Am I to infer from the answer of the Prime Minister that the government does not intend to proceed with any further legal references, but rather intends to proceed now to discussions with the provinces?

Mr. Pearson: The legal decision which has been given should help us to bring about an equitable political solution.

COAL

ROUTE TO BE FOLLOWED BY EXPORTS TO JAPAN

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my question is for the Minister of Transport. Some weeks ago he indicated that he was carrying on discussions with Kaiser Mines Limited regarding the coal contract with Japanese firms. I wish to ask him now whether he has received any assurances that the coal shipped to Japan will be carried over an all-Canadian route in so far as railway transportation is concerned.

Hon. Paul Hellyer (Minister of Transport): We have exchanged letters on this subject, and on the basis of these letters it is my understanding that the coal will be carried over an all-Canadian route.

NATIONAL DEFENCE

INTERCEPTION AND IDENTIFICATION OF RUSSIAN PLANES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I have a question for the Minister of National Defence. How many flights of Soviet aircraft have been spotted along the east coast of Canada since we first became aware that these flights were taking place, on February 8 or 9?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I do not know whether I can separate in my memory the flights along the east coast from those on the west coast, but it seems to me, if my memory serves me right, that up to February 20 the reports I have seen mentioned about seven incidents. I think approximately five of them were on the east coast and two on the west coast.

Mr. Harkness: I have a supplementary question, Mr. Speaker. In view of the fact that when this matter was discussed previously both the Minister of National Defence and the Minister of Transport finally said these Russian planes were flying through international air space where commercial flights were taking place, has any protest now been made to the Soviet government against the continuation of these flights?

Mr. Cadieux (Terrebonne): My understanding is that this is a matter which concerns the international organization. There is a difference between military and civilian flights. I know that in one instance a Russian plane was in the path of a commercial airliner, and that it was seen by two commercial carriers, one of them a T.W.A. plane. I do not believe the Canadian government has taken a position in that particular instance. I think the matter was referred to the international organization.

Mr. Harkness: I have a further supplementary question, Mr. Speaker. In view of the fact that these flights constitute a danger to commercial flights constantly travelling along those routes, has not the government of Canada a duty to protest this matter to the Soviet government?

Mr. Cadieux (Terrebonne): I have to restrict my responsibilities, Mr. Speaker, to military matters. I think we did what we had to do; that is, we detected the planes and intercepted them.

Mr. Harkness: May I ask a further supplementary question of the Secretary of State for External Affairs. Has he, in his capacity, taken note of these matters and made any representations to either the Soviet ambassador here or to the Soviet government?

Hon. Paul Martin (Secretary of State for External Affairs): It had been the feeling, Mr. Speaker, that the way to handle this particular situation was to leave it to the international organization. This was the view. However, I would be glad to take a look at it again.

Mr. Andrew Chatwood (Grand Falls-White Bay-Labrador): May I ask a supplementary question of the defence minister. In view of these continued intrusions by Russian aircraft, would the minister consider stationing defensive units at a more strategic location such as Goose Bay?

SPORTS

POSSIBLE TRANSFER OF N.H.L. TEAM TO VANCOUVER

On the orders of the day:

Mr. Barry Mather (New Westminster): I had a question I wanted to ask the Minister of Justice. Having in mind the fact that a group of N.H.L. franchise owners are reported to be blocking the efforts of Vancouver to gain entry into the National Hockey League, will the minister look into the situation from the point of view of the combines legislation?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, combines matters have been transferred to the excellent Minister of Consumer and Corporate Affairs. Perhaps he would want to consider this matter.

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, I want to thank the Minister of Justice for his kind reference and to say that the attitude is reciprocated and mutual. Under the Combines Investigation Act we do not have jurisdiction over professional sport in that, at the moment, it is considered to be a service industry. I want to say to the hon. member that in my personal capacity, however, Clarence Campbell being one of my constituents, I sent a telegram to him urging that Vancouver get the franchise.

Mr. McCleave: May I ask a supplementary question. Would the minister have control over beer?

LABOUR CONDITIONS

NORTH SYDNEY, N.S.—REQUEST FOR ASSISTANCE FOR DOCK WORKERS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, yesterday I posed a question to the Minister of Manpower and Immigration, and asked if the dock workers in the port of North Sydney would be eligible for transitional assistance benefits. The minister replied to me in the French language. Since I do not have that great Trudeau facility to describe it as good or lousy, I had to wait until today to read the minister's reply. At no time did he mention transitional assistance benefits, but he mentioned the benefits under the manpower program. I am sure the minister must be aware that transitional assistance benefits were available to other workers in Canada, better known as TAB. Would this type of assistance be available to the workers in North Sydney?

Inquiries of the Ministry

Hon. Jean Marchand (Minister of Manpower and Immigration): I was not clear in my answer, Mr. Speaker. There is no doubt TAB does not apply to that case. I understood the hon. gentleman was referring to the mobility program and that is why I answered as I did.

Mr. Muir (Cape Breton North and Victoria): As I said yesterday, since this situation has been brought about by the government's technological change, why would TAB not apply to the port of North Sydney as it applied to workers in Windsor, Ontario?

THE CANADIAN ECONOMY

STEPS TO IMPROVE CONDITIONS IN ATLANTIC PROVINCES

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the right hon. Prime Minister. Can the Prime Minister inform the house what action is being taken on the proposals put forward by the premiers of the Atlantic provinces at the constitutional conference regarding the marked disparity between that region and the remainder of Canada? In addition, what consideration is being given to the special proposals made by Premier John Robarts in this regard, in view of the very high rate of unemployment in that area?

Right Hon. L. B. Pearson (Prime Minister): I will look into this.

POST OFFICE DEPARTMENT

DISTRIBUTION OF U.S. MAGAZINE CONTAINING BIRTH CONTROL ADVERTISEMENTS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): I should like to ask the Postmaster General whether he has a reply to the question I asked him yesterday, and which he did not hear at that time, concerning the use of the mails by the publishers of a magazine containing birth control advertisements.

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I am expecting a report momentarily, and I shall inform the house as soon as I receive it.

[Mr. Muir (Cape Breton North and Victoria).]

[*English*]

COMBINES

RECOMMENDATION RESPECTING FINANCIAL INSTITUTIONS

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to direct a question to the Minister of Consumer and Corporate Affairs. This is not a question on sports. In view of the fact that the minister has now had his meeting with Judge Mary Batten, will he give consideration to the recommendation of the prairie royal commission that financial institutions be brought under the purview of the Combines Investigation Act so the consumer may be protected in the matter of credit buying?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, the reference to financial companies being brought under the Combines Investigation Act was a reference made to the three prairie provinces. I said at the conclusion of the meeting with Judge Batten that we would be in communication with the three prairie governments as to the eventual disposition of this reference.

CONSUMER AFFAIRS

INVESTIGATION INTO GROCERY RETAILING IN WESTERN PROVINCES

On the orders of the day:

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): I should like to answer the question put to the Prime Minister yesterday by the hon. member for Bow River, whether the review of the allegations made in the Batten report affecting the grocery industry in western Canada would be extended to include the rest of Canada. I said to him privately, and I think I should put it on the record, that the director of investigation and research will deal in accordance with the statute with the allegations set forth in chapter 10 of the report which relates particularly to the situation in western Canada.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question. In view of the fact that the Batten commission asked for an investigation into the whole business of grocery outlets and the exorbitant charges which are being made, does the minister intend to carry out a full scale investigation? If so, how soon will it begin?

Mr. Turner: Mr. Speaker, a few days ago I said I would ask the director to review all the allegations in the report. Of course he will follow the facts as they appear to him, and if he finds substance in these allegations then I asked him to begin an inquiry.

INQUIRY FOR RETURN

On the orders of the day:

Mr. A. D. Hales (Wellington South): I rise on a point of order, Mr. Speaker, which deals with the production of papers. About nine days ago this house ordered the production of certain papers in accordance with notice of motion No. 49 standing in my name. I ask the minister or ministers concerned to expedite the production of these papers concerning federal-provincial cost sharing programs. I feel that nine days is ample time to produce them.

PRIVILEGE

MR. NOWLAN—INABILITY TO HAVE QUESTIONS ACCEPTED FOR ORDER PAPER

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I rise on a question of personal privilege, and I regret that I have to mention this. I have spoken with the officials concerned. My point relates to questions for the order paper. Yesterday afternoon, within the time limit, I submitted to the proper authorities certain questions that I expected would be on the order paper this morning. In view of the precarious state of this session the answers to these questions are of importance because they relate to the transfer of personnel from my riding to C.F.B. Summerside. The answers are important also because yesterday the Minister of National Defence said this matter might not be referred to the defence committee.

I understand there is objection to the number of questions asked. I have also been told there is objection to the length of questions. All questions but one were short and sweet and to the point. One perhaps is a little longer than the others. I have been told that I must go through the rigmarole of dividing up the questions among appropriate members. I cannot find the rule which says I must do so and, since time is of the essence, I am concerned about what may happen.

I want this matter to be recognized officially in *Votes and Proceedings* or on the order paper; that is why I am speaking now. I cannot find the rule which prohibits the questions in their present form from appearing on the order paper today. Since we may not be here for too many more days it is only fair for me now to ask officials of the defence department to start work on the answers to the questions, in order that suitable answers may be provided.

Mr. Speaker: I shall look into the matter raised by the hon. member.

INCOME TAX ACT

MEASURE TO PROVIDE FOR SURCHARGE

Hon. E. J. Benson (for the Minister of Finance) moved the third reading of Bill No. C-208, to amend the Income Tax Act.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I simply wish to say that we have indicated our opposition to the bill at previous stages. We have also indicated the parts of the bill we are prepared to accept. We are not prepared to accept the increase in personal and corporation income taxes, and I want to be on record as saying that is still our position.

Having stated that position during previous stages of the bill, we are now prepared to leave it at that and to have the question put.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I do not propose to delay the house too long on third reading, but I feel it is essential that some comment should be made in connection with this bill, considering the international crisis that has overwhelmed us. It goes without saying that this situation does not call for a partisan political approach.

Some hon. Members: Hear, hear.

Mr. Cameron (Nanaimo-Cowichan-The Islands): At the moment we are in the eye of the hurricane and no one knows exactly what is going to come out of it. Those of my age, sir, cannot help hearing ominous echoes of 1929. We can only hope that those who today are in charge of the international monetary system and the governments of the major industrial countries will exhibit more wisdom than their predecessors of some 40 odd years ago, who stood helplessly wringing their hands while the world slipped into disaster.

I am not too optimistic, sir, that this wisdom will be found, because for some years those same people have been dodging the real issue before us in the international monetary system; that is, the development of a new international unit of exchange. I should say at

this point that Canada's record on this is extremely good. We produced workable proposals for the development of such a unit, but they were frustrated by other nations in the world.

There are, of course, certain options open to the United States which would have their effect on Canada. No one can say yet what option the United States will take. One hears rumours of a two price system for gold, which strikes me as being difficult to work. It may be possible to make it work. One hears rumours that gold is to be demonetized. That would entail certain other actions on the part of the United States government which I doubt they are prepared to take at this time.

I think, in connection with this bill, we should turn our attention to what should be done to protect Canada's position. I will be frank to say, sir, that I was nothing short of appalled at the minister's answers to questions this morning. They indicate that he is locked in some sort of conventional wisdom and feels that the Canadian dollar can be protected indefinitely by the use of exchange reserves, despite the lamentable history of the same policy in the United Kingdom and the United States. I suggest to him, as I suggested the other day, that there is really only one way to protect the Canadian dollar, and that is by developing an expanding and prosperous economy in Canada.

I was disturbed, sir, to find the minister dismissing and rejecting out of hand the suggestions made in questions by the leader of this party and the member for York South, that steps should be taken to control the rise in interest rates and that measures ought to be taken to put into effect exchange controls. Frankly I consider the minister's answers ludicrous; sheer nonsense. I am afraid we will land ourselves in exactly the same sort of jam the world was landed in 40 years ago if the views of the minister and what he says are the views of the governor of the Bank of Canada are to be the views of those who control the international monetary system.

Finally, I suggest that this parliament ought to consider seriously the wisdom of recessing at this time. It may well become necessary to pass emergency legislation, and I doubt very much the wisdom of dismissing parliament now. We realize, of course, that to keep parliament in session at this time would be extremely awkward for the government party but surely, sir, the future of Canada and the possible necessity of taking drastic steps to protect ourselves from what may come out of the international crisis ought to override any party consideration of convenience at this time.

An hon. Member: I quite agree.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I will say only a few words, in view of the serious crisis in the financial field and the gold rush that has been going on for some weeks and that brought about yesterday the closing of the stock exchange and banks in several countries of the world.

There is no mistake about it, in the light of present circumstances, we live in a world of madmen and we are administered by the most remarkable among them.

Those people are tripping over themselves while they rush to the golden calf, but workmen and farmers got up as usual this morning to go about their work. Indeed, the farmers got up at the usual time this morning, namely about four or five o'clock, to milk the cows. This reminds me of a statement I heard once, to the effect that farmers got up at four o'clock to milk their cows while financiers got up at ten o'clock to milk the farmers. That is somewhat the situation in which we find ourselves at the present time.

The price of milk did not go up this morning. The salary of workers did not improve. Yet, the financial system, by order of the Bank of Canada, raises its discount rate by one half of one per cent without resorting to parliament. The banks, as I said a while ago, will raise their rates again and the people will again be trampled underfoot by the system.

• (12 noon)

We all know the story of the tower of Babel where there was a great confusion of languages. This does not mean that people did not speak the same language, but they did not understand each other, and when they saw this, they stopped building the tower.

We are building another tower of Babel today. People in the same country, province or municipality do not understand one another. But the difference today is that we are too stupid to stop building this tower of Babel.

Mr. Speaker, for thirty yeears, the Créditistes have been warning the succeeding federal governments of the situation now existing. The Créditistes have been called everything. It has been said that the implementing of their theory would give rise to inflation, economic chaos, a total failure of our economy, the downfall of Canada.

Today, our country is on the brink of ruin. We are witnessing an unrestrained race for financial control, and Social Credit is not to blame. It is not Social Credit that created the present inflation. It is not Social Credit which is responsible for the rise in the cost of living or for the extravagant expenditures in all fields.

Mr. Speaker, if serious consideration had been given to the solutions advocated by Social Credit thirty years ago, namely that the currency should truly reflect our resources and our production, we would not have today to cope with the system or the situation imposed upon us by a small group of men.

As a matter of fact, Pius XI said in 1931, 37 years ago already: Those who control money and credit are the masters of our whole lives and, without their permission, nobody has the right to breathe.

Let us consider the present situation in Great Britain. Let us consider the extreme poverty generally prevailing throughout the world. Let us observe the people getting nervous, businessmen getting worried, industrialists hesitating to forge ahead, to take action. Why? Because those who control money and credit have the power to prevent them from breathing.

Moreover, Pope Pius XI said that economics will be established and will truly attain its purpose only when it will provide each and every one of us with a part of the goods that nature and industry can provide, and that part should be sufficient to ensure a decent living for each and every one of us.

That is the aim, those are the objectives of a well planned economy, an economy that is serving the population. The pope did not say: inasmuch as the financial system allows, he said: "Inasmuch as nature and industry allow".

Now, Mr. Speaker, nature allows Canada to produce overabundant goods of all kinds, and industry, which is continuously ready to second nature, should not be blocked nor impeded in the upward march towards progress, towards the emancipation of our people, in short it should not be thwarted by an outmoded financial system which makes for legalized robbery in most countries where it is used.

Those are, Mr. Speaker, the few considerations which I wanted to make on the motion for third reading of Bill No. C-208. That bill will not solve the problem, it will not bring relief to poverty in Canada and I am repeating what I said two days ago: even if that bill provided a 25 per cent tax increase, it would not solve the situation in Canada.

It is not by taxing the labourer nor by overtaxing the small business or the small industry that we will save the Canadian economy, but by taking instead adequate monetary measures, some bold and courageous measures liable to put money at the disposal of the individual, not the individual at the disposal of money as expected in Bill No. C-208 which the government is attempting to have passed at this time.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to make only a few comments on the bill in the debate on third reading by way of adding to the remarks which have been made as to the seriousness of the situation we face. I think it behoves us in this house to dispense with this bill as soon as possible.

Some hon. Members: Hear, hear.

An hon. Member: Yes. Dispense with it.

Mr. Thompson: Although we cannot agree with its basic policy we understand very well the need to avoid precipitating a further crisis at home which might weaken the confidence of the public in the operation of the parliamentary system. By doing so we would only be adding to the pressures which are building up on the international scene.

Having said that, I would urge the Minister of Finance (Mr. Sharp) to do his utmost to bring about in the future so far as international monetary policy is concerned a system different from that which has been in operation in the past. We have been hanging on to the ragged coat-tails of an outworn financial policy which should have been discarded long ago. Many Canadians today are confused about what really is behind the crisis which we and other nations are facing. What has gold to do with trade balances and international settlements? What has it to do with our own financial system in Canada? It is not easy to find answers to these questions but I am sure that if we did so we would realize that in the game of international finance and politics the Soviet union, France, Switzerland and possibly South Africa will come out of this situation best.

Unfortunately, the United States government has insisted on hanging on to a policy which has resulted in a fantastic rise in interest rates, one which has worked undue hardship

on us in Canada and placed a great strain on our economy and the stability of our finances. Because the United States has insisted on pegging the value of gold at an unrealistic level, pressure is now being exercised against the economic system in the world by countries which would destroy the policy which has insisted on maintaining the American dollar as the basis of international exchange—I am thinking of destruction in financial, not military terms.

The Minister of Finance owes it not only to his government but to his country to be in Washington to take part in the conferences scheduled for the weekend and insist we should no longer hang on to a financial system which could destroy the United States dollar as the medum of international exchange and take ours with it in the process. It is not enough to patch up the old arrangements. Before we see a repetition of what happened in 1929 a real effort must be made to restore confidence among the people of the world and to devise a system of exchange and international settlements which will remove once and for all the dangers which threaten the security of everyone in the world today. Canada has the opportunity to take the lead and insist that although something needs to be done so far as gold is concerned for a temporary period, it is necessary in the long run to devise a new system of international settlements designed to avoid a repetition in the future of the kind of crisis we are facing today.

• (12:10 p.m.)

We in this corner of the house, believe that we must deal immediately with the third reading of this bill whether or not we like the policies contained therein. I think that the Minister of Finance must take the major share of the blame for our present difficulties, but it is imperative that we do not add further to the uncertainty and lack of confidence that are developing in financial circles. Beyond this it is also necessary that steps be taken—and I suggest Canada could well take the lead—to bring about a new international exchange system which would not continually lead us into the precarious position that has been forced upon us by the present international situation.

Mr. M. W. Martin (Timmins): Mr. Speaker, I have only one comment to make at this time and it arises from what transpired last night with the raising again of interest rates in the United States and Canada. It is argued that the reason the United States will not take a more realistic look at the price of gold is that this might work to the benefit of South Africa, France and Russia. I do not know whether that is true but, if so, it appears to me to be the same as if a drowning man refused to pull himself out of the water because somebody else might get out with him.

The house divided on the motion (Mr. Sharp) which was agreed to on the following division:

• (12:20 p.m.)

YEAS

Messrs:

Addison	Isabelle
Allmand	Jamieson
Andras	Klein
Asselin (Richmond-Wolfe)	Lachance
Badanai	Laflamme
Basford	Laing
Batten	LaMarsh (Miss)
Béchard	Langlois (Chicoutimi)
Beer	Laniel
Benson	Leblanc (Laurier)
Berger	LeBlanc (Rimouski)
Blouin	Leboe
Boulanger	Lefebvre
Brown	Legault
Byrne	Lessard
Cadieux (Terrebonne)	Lind
Cameron (High Park)	Loiselle
Cantin	Macaluso
Caron	Macdonald (Rosedale)
Cashin	MacEachen
Chatwood	McIlraith
Choquette	McLean (Charlotte)
Chrétien	McNulty
Clermont	McWilliam
Comtois	Marchand
Côté (Longueuil)	Martin (Essex East)
Côté (Nicolet-Yamaska)	Matheson
Crossman	Matte
Davis	Mongrain
Deachman	Morison
Drury	Munro
Dubé	Neveu
Duquet	Nicholson
Émard	Noël
Ethier	O'Keefe
Faulkner	Olson
Forest	Orange
Gendron	Ouellet
Goyer	Patterson
Granger	Pearson
Gray	Pelletier
Greene	Pepin
Groos	Pilon
Guay	Prud'homme
Habel	Reid
Haidasz	Richard
Harley	Rideout (Mrs.)
Hellyer	Rochon
Honey	Rock
Hopkins	Roxburgh
Hymmen	Ryan
	Sauvé

Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Thompson
Tolmie
Tremblay
Trudeau
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Winters
Yanakis—122.

NAYS

Messrs:

Aiken
Alkenbrack
Baldwin
Barnett
Bell (Carleton)
Bell (Saint John-Albert)
Bower
Brand
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Caouette
Caston
Chatterton
Churchill
Clancy
Coates
Code
Crouse
Danforth
Diefenbaker
Dinsdale
Dionne
Douglas
Enns
Fairweather
Fawcett
Flemming
Forbes
Forrestall
Fulton
Gauthier
Germa
Gilbert
Godin
Grafftey
Grégoire
Grills
Gundlock
Hales
Hamilton
Harkness
Horner (Acadia)
Horner (The Battlefords)
Howard
Howe (Hamilton-South)
Howe (Wellington-Huron)
Jorgenson
Keays
Knowles
Korchinski
Lambert
Langlois (Mégantic)
Laprise
Latulippe
Lewis
Loney
MacDonald (Prince)
MacEwan
MacInnis (Cape Breton South)
MacInnis (Mrs.)
MacLean (Queens)
Macquarrie
MacRae
McCleave
McCutcheon
McIntosh
McKinley
McLelland
Madill
Mandziuk
Martin (Timmins)
Mather
Monteith
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Nowlan
Nugent
Orlikow
Ormiston
Pascoe
Peters
Prittie
Pugh
Rapp
Régimbal
Ricard
Rynard
Saltsman
Schreyer
Scott (Victoria (Ont.))
Sherman
Simard
Simpson
Southam
Stanfield
Starr
Stefanson
Thomas (Middlesex West)
Wadds (Mrs.)
Webb
Winch
Woolliams—106.

Division

• (1:00 p.m.)

Mr. Speaker: I declare the motion carried.

Bill read the third time and passed.

Mr. Pennell: I was paired with the hon. member for London (Mr. Irvine). Had I voted, I would have voted for the motion.

Mr. Herridge: Mr. Speaker, while I am opposed to the principle of this bill, I was paired with the former president of the privy council who I expected would be here this morning. However, when it comes to paring I am a George Washington. Had I voted, I would have voted against the motion.

Mr. Ballard: I was paired with a Member of the Administration, the hon. member for Verdun (Mr. Mackasey). Had I voted, I would have voted against the motion.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF REPRESENTATIVES OF ICELAND PARLIAMENT

Mr. Speaker: May I ask the indulgence of the house to bring to the attention of all hon. members the presence in the Speaker's gallery of a very distinguished visitor, Mr. Sigmund Bjornason, Speaker of the lower house of parliament of Iceland. Mr. Speaker is accompanied by a fellow parliamentarian, Mr. Benedikt Grondal. As hon. members know, the Icelandic parliament is the oldest in the world, having been established in the year 930. On behalf of all hon. members I wish to extend a welcome to our distinguished visitors.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed Bill C-202, an act to amend the National Housing Act, 1954, without amendment.

BUSINESS OF THE HOUSE

Mr. Pennell: Mr. Speaker, earlier in the day the hon. member for Ontario (Mr. Starr), the house leader of the official opposition, was

kind enough to inform us that his party was prepared to pass item No. 48 on the order paper. I consulted the leaders of the other parties and they also were most co-operative. I appreciate their co-operation and I respectfully ask Your Honour to call item No. 48.

CANADA DEPOSIT INSURANCE CORPORATION ACT

AMENDMENTS RESPECTING CALENDAR, FINANCIAL AND PREMIUM YEARS

Hon. L. T. Pennell (for the Minister of Finance) moved the third reading of Bill No. S-24, to amend the Canada Deposit Insurance Corporation Act.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Peters: On division.

Motion agreed to and bill read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: Order, please. House again in committee of supply. Estimates of the Department of the Secretary of State, vote No. 2c. Shall vote 2c carry?

SECRETARY OF STATE

2c. Construction or acquisition of buildings, works, land and equipment—National Arts Centre, $7,500,000.

Mrs. Wadds: Last night, Mr. Chairman, some comments were made about the Secretary of State, the member for Niagara Falls, and her contribution last year to centennial year. I wish to add my compliments to those which have been given. No one could have been more generous than the minister in the way she used her time and energy in making the many appearances she made last year, nor could anyone else have shown greater co-operation to the thousands of people interested in promoting centennial undertakings.

Some hon. Members: Hear, hear.

• (2:40 p.m.)

Mrs. Wadds: Just before ten o'clock last night the hon. member for Timiskaming expressed the concern that many of us feel about the length of time it is taking to build the National Arts Centre. I believe that most Canadians were pleased when the project was initiated. However, since its initial introduction many have become concerned about construction delays and many have expressed concern to me about the additional costs that are being incurred, which have been partly brought about by delays in building and partly by other causes. According to the auditor's report for 1967 the cost of construction was $6,400,000, an increase of $2,800,000 over the preceding year, a substantial rise of some 25 per cent. According to the supplementary estimates, under the item for construction or acquisition of buildings, works, land and equipment there is an amount of $7,500,000, a further sharp increase. From the few figures I have come across in these records the total seems to be about $17,500,000 and we have heard various rumours that the cost will eventually go as high as $60 million or $70 million.

Can the minister tell the committee the size of the original estimate for the construction of the National Arts Centre and at what point the government intends to put a lid upon these skyrocketing costs? I might add that they do not include administrative and operating costs which are listed separately at $1,100,000, an increase of $80,000 over last year.

Miss LaMarsh: Mr. Chairman, there were questions asked last night about the National Arts Centre, especially with respect to the critical path. I have checked with the Department of Public Works which, as hon. members know, is responsible for construction, and I am told that the critical path method is being used. There is one man specifically in charge. It is my understanding that progress is on time; the project is to be completed and turned over on the last day of this year. It will then take three or four months to try out the auditorium. The original plan was that in May, 1969, productions would be staged, and as far as we are aware everything is on time. Of course, we do not know whether there will be any major strikes in the intervening period.

So far as costs are concerned it is my recollection, and I have not refreshed my memory recently, that the first estimate for the building amounted to some $18 million. My information is that the latest estimate, now about two years old, of a figure around $40 million or $43 million, represents what the cost will be, right on target.

The figures which appear each year for the administration of the centre increase, of course, as we approach the day when programs are to begin. The site is not very

attractive now and it certainly was not attractive throughout the centennial year, but it seems to me hon. members are not really aware of how much has been completed inside the building. I have been remiss in this respect but after the remarks made last night I discussed this matter with the Minister of Public Works, and with his concurrence I am pleased to invite any member of the House of Commons who may wish to go for a guided tour of the premises at 11.30 a.m. on Monday next. A great deal of the building is like an iceberg. It has to be seen to be believed and I think that if hon. members would take an hour of their time to look at it they would appreciate how large an enterprise it is.

Mr. Starr: In issuing this invitation is the hon. lady suggesting that we should allow her estimates to stand until we have seen the building?

Miss LaMarsh: Not at all. This building will be the heart of Ottawa when it is opened about a year from now and I made my offer because I think hon. members would like an opportunity to see it. After all, it is a national centenary project and it is well ahead of many of other centenary projects, notably the one sponsored by the province of Ontario which is not expected to reach completion until a year later.

The board of trustees was set up more than a year ago and has held regular meetings, as have a great many auxiliary committees. It is working now in connection with the programs to be presented. Already it has been announced that Stratford Theatre is to become the Stratford National Theatre and will operate from the centre during the winter. There is to be a French speaking company to complement this arrangement and a concert orchestra which can be used as a pit orchestra; it will also be used by the C.B.C. for some of its functions and will be available to increase cultural activity within the city. Running costs are increasing because these plans have to be made in advance. One cannot produce an orchestra by May, 1969 in the absence of time for preparation.

I believe that if hon. members would take advantage of the opportunity to visit the buildings under construction, wearing hard hats and clothes which will not spoil too easily, bearing in mind that work is still in progress, they will have a new sense of pride in what will be a considerable national monument.

I have a few other comments to make and perhaps this is a good opportunity to deal with other matters which have been raised. I should like to thank hon. members for their overly generous words both last night and today. I should particularly like to thank the hon. lady who sits for Grenville-Dundas for her contribution to the centennial year, one of the most important of which was to pair with me on so many occasions, making it possible for me to be present at events in a non-political way. I think the hon. lady recognized, as did everyone else, that centenary projects were not party matters. All of us were careful not to bring partisan politics into them and it was an occasion for considerable pride for both of us that we were able to show our non-partisan approach by appearing together for most of the year.

It was a happy circumstance that the work of members of the Centennial Commission should have been mentioned in the discussions last night. The commission yesterday held its last meeting. Most of the employees have been re-engaged elsewhere, though some have not yet found positions. We expect all the work to be closed down on March 31, on which date the commission will go out of existence. In this connection I have a rather important announcement to make. It is the only one of its kind, I think, I have had to make in the seven and a half years I have been in parliament and one in which the committee of supply should be interested. The Centennial Commission instructed me yesterday that it is turning back to the treasury some $3,400,000 in unexpended funds.

Mrs. Wadds: I have one other question regarding the National Arts Centre. It relates to the future and has to do with advertising. Has the minister any plans with respect to general promotion of the centre's activities? I would refer in the first place to a magazine called *Prologue* which has been sent to me. Apparently it is being sent out broadly; it is stated on page one that the purpose of *Prologue* is to let Canadians everywhere know about the National Arts Centre. Apparently there are to be six issues sent out before the centre opens and I have been asked to find out what sending it to Canadians everywhere means, how many copies are to be distributed and what the approximate cost will be.

Miss LaMarsh: I do not have this information. I shall be glad to get it and send it to the hon. member. I am not familiar with the particular issue mentioned, but one of the objects of the trustees is to work with the

Canada Council to make the centre a focus for all Canadians. It is important that people outside the capital city should have a sense of engagement and with this in mind it is desirable that they should know what is going on.

Mr. Macquarrie: Mr. Chairman, I should like to echo the remarks made by the charming and gracious member for Grenville-Dundas and praise the good work of the Secretary of State during centennial year. I should like to say, too, that I believe the Centennial Commission did a fine job. If I may, Mr. Chairman, I should like to make one particular comment. I think that much is owed to John Fisher, the man who taught us all that our Canadianism should show. I think he should not be forgotten.

• (2:50 p.m.)

I should also like to thank the hon. lady for her invitation for next Monday. It will not be too much trouble to find clothes that are not so good, to use her expression. All I need is a hard hat size 7⅞ths and I shall be with her. I too am anxious to see the National Arts Centre commence business. Although I welcome it, I think the point raised by my colleague is extremely important and is something that should concern not only the minister but all ministers, indeed all parliamentarians.

These are very difficult times. Parliamentary institutions and the whole process of government are in disrepute, or near disrepute. One constantly hears increasing reaction along the line that whatever the government attempts to do it does it badly or it does not do it in time or it does it at too high a cost. I think this is something that we must watch. Buildings are not completed on time and the estimates are far removed from the actual cost. Therefore in these difficult and questioning times when people are looking askance at their institutions—and in a democracy the bulk of the people must respect the political institutions in order for them to work—all of us, especially those in executive authority, must look at matters such as the escalated cost of this building, which should cause to the most art-minded person in Canada to worry.

I would compliment the minister on her optimism and on her felicity of expression when she suggested that this building will be completed on time when actually it will be completed on the last day of the year following centennial year. We must remember that in fact it was a centennial project. However, it does us no good to harp on the past. The building was not completed in 1967. Nevertheless it will do much to enrich the lives of Canadians, though I wish it had not cost so much.

[Miss LaMarsh.]

[*Translation*]

Mr. Grégoire: Mr. Chairman, I only have a very brief question for the Secretary of State (Miss LaMarsh), relating to vote 1c.

As regards the $100,000 grant to Le centre culturel du vieux Montréal, can she tell us whether this is the same theatrical company that went bankrupt recently and that was quartered in the stock exchange building? Yes, I think that was the name. Can the minister tell us whether the grant will be allowed nonetheless?

Miss LaMarsh: Yes.

Mr. Grégoire: So, it is the same theatrical company? I would like to make a comment. The minister tells me that this $100,000 will nonetheless be granted to this company. The hon. member for Mercier (Mr. Boulanger) tells me the company is back on its feet thanks to this grant.

Mr. Boulanger: The creditors accepted the company's offer and everything is all right now.

Mr. Grégoire: So much the better, if that means they have ben able to resume their activities.

Mr. Chairman, vote 2c reads as follows:

Construction or Acquisition of Buildings, Works, Land and Equipment—National Arts Centre.

I wish to put a question to the hon. minister concerning another building which was promised a long time ago and which is not progressing very fast—the C.B.C. building in Montreal. Could the hon. minister tell us what progress has been made and when we can expect that building to be finished? Could she give us some information concerning the C.B.C. building in Montreal?

[*English*]

Miss LaMarsh: Mr. Chairman, I was in communication with Mr. Davidson, the new president of the C.B.C., the other day. He had asked that this along with other matters be held over until he had had time to look into them. He is having a meeting of the new board some time around the end of April at which time he will be prepared to make submissions to the board in regard to the Montreal building. We have every hope that after

the new board has met tenders will be called almost immediately and construction will go ahead.

Item agreed to.

NATIONAL FILM BOARD

1c. Administration, production and distribution of films and other visual materials, $170,000.

Mr. Mather: Mr. Chairman, I have two or three brief comments on this item and also one proposal. I think the film board performs a very useful and rather underrated service to Canada. I am told that at least 16 million people in Canada see one production or another of the film board every year and that 30 million people in other countries see productions of the National Film Board. The quality of the N.F.B. productions is indicated by the fact that over recent years more than 600 international awards have been won by the National Film Board for its work.

The work of the board is not confined simply to the production of films. Some of its employees are working on improvements in technical equipment which may be very useful. The board also plays a useful role in helping various departments of government by illustrating their efforts. In this regard I think the film board is to be commended.

The proposal I want to make and draw particularly to the attention of the Secretary of State, if I may, concerns what seems to me to be an urgent need for some action at the federal level to preserve historic Canadian film. Two or three archive organizations in this country are trying to do something along that line but I believe that they are not receiving sufficient financial support from the Canadian public. The film that the Canadian Film Institute is trying to preserve is irreplaceable. It is old film having to do with the earliest beginnings of the Canadian film industry. It is a sad fact to relate that last year a million feet of this historic film was burned because it was insecurely stored. In concluding my remarks I take the opportunity to direct the attention of the Secretary of State to this problem and to urge her to do what she can to draw together those connected with film archives to see whether or not they can work out with federal aid a program that will really protect historic Canadian film.

Mr. Cowan: Mr. Chairman, I have a question I want to ask the Secretary of State in connection with the National Film Board. In all my dealings with government organizations I have never found a department of government performing its functions more adequately and perfectly than the film board. During the last 15 years I have had direct connections with the board and have arranged to purchase from them many hundreds of dollars worth of film which we have distributed to boards of education and school trustees for use in the school system of Ontario. The coverage given by the National Film Board to historical events, geographical features and industrial complexes is perfect.

However, in view of the uproar that is developing over educational television, which is something that leaves me cold—I am in favour of education through the use of film because you can use film when you want—I should like to ask the minister what proportion of the sales of the National Film Board is to school boards and boards of education for use in classroom instruction under the jurisdiction of the boards of education. These films are perfect for this purpose. I should like to think that all of their sales are made in this field, but what proportion is sold for educational purposes?

Miss LaMarsh: Mr. Chairman, I am afraid I could not even hazard a guess but I will get the information as soon as I can.

Mr. Cowan: Mr. Chairman, I raise the question only to emphasize the wonderful work that the National Film Board is doing in the field of visual education. The way it covers visual education cannot be improved upon by television because it is adequately presented in film form. The National Film Board is showing the way in this regard.

• (3:00 p.m.)

Mr. Herridge: Mr. Chairman, I am rising briefly to support the representation by the hon. member for New Westminster that every effort be made to make certain that historic films be preserved in the future and are not subject to fire and destruction as has been the situation in a few cases in the past.

On behalf of a good many women in my riding who are associated with groups such as the women's institute and the parent-teachers association I should like to express their appreciation of the work done by the National Film Board in constituencies such as the one I have the honour to represent. There are many very small and sometimes isolated communities which have received very good service from the National Film Board. One of the best supporters of the National Film Board has been one of the finest national film councils of rural Canada, that of Kootenay West. I have been asked by these people to

express to the minister their appreciation of the good work done by the National Film Board in the area I represent.

Mr. Orlikow: Mr. Chairman, I rise to join with my colleagues in commending the work which the National Film Board has done over the years. It has produced a tremendous number of films of a cultural and educational nature. These films have been shown not only to millions of people in Canada but to audiences all over the world. The excellence of the work done has been demonstrated again and again by the large number of international awards which the film board has received. I join with other members of this group in commending the film board for the work it has been doing and in the hope that its work will be continued and extended.

I wish to raise a matter which while it may not be directly connected with the National Film Board is very close to it. I have reference to the Canadian Film Development Corporation. The bill which we discussed in 1966-67 was a proposal by the former secretary of state who is now a member of the other place that the people of Canada through the government co-operate in helping, through the creation of a fund, to establish in Canada a feature film industry. Although we are all aware of the work done by the National Film Board and the success it has had, Canada has not had a feature film industry despite the fact that in the English speaking world a number of Canadians have reached the top in the film industry as producers, writers, directors and actors. Great Britain, the United States and France are filled with ex-Canadians who are giving leadership and occupying important and influential places in the film industry.

It was the belief of the former secretary of state that we should endeavour to keep people such as these in Canada, a belief which I believe was shared by virtually everyone in this house. When the present Secretary of State brought forth the proposal to establish the Canadian Film Development Corporation and to provide a fund of $10 million she had virtually unanimous support. I should like to quote one paragraph from the statement of the minister on June 20, 1966 as recorded on page 6632 of *Hansard*. She said:

> We should, Mr. Chairman, be under no illusion about the difficulties which Canadian producers will face in building up a commercially viable industry in this country. They will have to make it commercially viable by exporting their work, which will have to be done by virtue of profitable distribution arrangements. Canadian films must prove good enough to win their own place on world screens.

I could quote further from the remarks of the minister on that and other occasions, but I believe we realized at that time as we do now that while this is an idea worthy of our support it will not be easy to buck the giants of the United States and Great Britain in the production of feature length films. It is very seldom that such films can be produced for a small amount of money. The government of Canada has provided a fund of $10 million. Most of us would like to see that money used to good advantage over a period of time.

Yesterday the names of the appointees to the board of directors of this corporation were announced. I should like to advise the minister, if she has not heard this already, that many members of parliament including myself are dismayed by the appointments which have been made. In addition every person in and around the film industry to whom I have spoken since yesterday is dismayed. Although the board is a very estimable group of ladies and gentlemen, with the possible exception of Madame Favreau they have had virtually no experience in the film industry and are all good Liberals. While these are not necessarily bad features I submit that they have nothing to do with the qualities required to make a success of this corporation.

I do not object to the government of Canada being generous and spending $40 million, as was mentioned a few moments ago, to build a performing arts centre and I do not mind the federal government making a contribution to agriculture—I will always support that. The whole purpose of this corporation, however, was to help finance and establish a commercial film industry. This is a very difficult, complicated and risky business. Here we find the government, on the recommendation of the minister, appointing a group of Liberal hacks as directors of the corporation. I have nothing against these persons as individuals. Mr. LaPalme, so far as I can ascertain, was a little better than average minister of the crown but he certainly is not expert in the field of the production of films. It is true that Mr. Frith has been a member of the B and B Commission and I believe he had some film-makers or television stations as clients in his law practice. Mr. Phillips and Mr. Harris were successful businessmen. They are also very influential members of the Liberal party. Madame Favreau has worked

for a number of years for the film board and has been a film critic for *La Presse*.

If it was a good idea for the government to put up a substantial amount of money in 1966 to help create a feature film industry in Canada so that Canadian producers, writers and directors would remain in Canada, surely it is a good idea now and, if so, we should do everything possible to see that this corporation is a success. The first thing we should not do is appoint a group of hacks as a reward for past political services, because the running of this corporation will be difficult under the best of circumstances. I see the minister looking at me with some concern or perhaps disdain. There are a number of ex-Canadians who have built fine reputations in these fields. The hon. member for Burnaby-Richmond on an earlier occasion talked about some Canadians who had gone on to make real names for themselves in this field, including Norman Jewison, Sydney Newman, Graeme Ferguson and Sydney Furie. These are individuals who have been eminently successful in making films which have not only been artistic and cultural but financially successful. These are the kind of people the minister ought to be looking for to be directors of this corporation, not such people as have been appointed so far.

• (3:10 p.m.)

I can only say to the minister in closing my brief remarks that I could not help but think, as I looked at the announcement of the appointments, that the only appointments that have been as bad or worse since I came to Ottawa are the appointments the present Prime Minister has made to the other place.

Miss LaMarsh: Mr. Chairman, I have to answer these remarks because I disagree totally with what the hon. member has said. He is obviously not aware of what this board is, because it is intended to be a bank. It is a board where money will be raised in a number of different ways, by grants, loans and participation. It will have a package responsibility in respect of scripts, star arrangements, distribution and everything else. We have been through all this. This is not to be a group that necessarily knows how to make movies because it will not make movies. This is to be a group that is culturally oriented and prepared to act in regard to a banking situation. There is to be a full time director who will be an expert in at least one of the aspects of movie-making.

I was very intrigued by the comparison which was made between members of this board and two or three gentlemen now living and working abroad who were originally Canadians and have now made their marks in the film industry. Most of them are drawing salaries of the nature of $100,000 a year. It is really laughable when my hon. friend suggests that we should somehow divorce them from their various enterprises in Italy, California and Britain to bring them back here for the kind of pittance this country pays its public servants. It is all very well to stand and make that kind of N.D.P. speech, but it has no practicality.

When it comes to setting up a board I am not prepared to appoint hacks, and while I know lots of hacks in lots of parties in the country I would not qualify any of the individuals on this board in that way. The chairman of the board is one of the most distinguished sons of French Canada. He is not only a very distinguished lawyer but also was the first Quebec minister of cultural affairs and one who felt so deeply about the field of cultural affairs that he resigned his portfolio because he did not think the province of Quebec was putting sufficient money into the field. I am quite astounded that the hon. member or anyone else would suggest that this gentleman, who has been good enough to accept this appointment, is a party hack. This man was good enough to be appointed by the mayor of Montreal, in respect of whom every party has tried to make claims, as his cultural adviser for the son of Expo. Surely no one can suggest that this man is a party hack, particularly in view of the amount of time he has generously offered us in the first year. This will be fairly onerous for this part time member of a federal board. It will amount to about a day per week.

I do not personally know the lady appointee but she comes very highly recommended. I do not know what her politics are and I have never inquired. She does have a particular qualification that recommends itself to me in that she happens to be female. I wanted a particularly good bilingual female on this board and this young woman seems to qualify.

Having regard to Mr. Frith, who is now living in this city, it is true that he has been a follower of the Liberal party. I for one do not find anything wrong with that, but he has not held office for eight or nine years and has been engaged in a number of enterprises,

almost all of them in the cultural field, including television and radio. He was one of the most distinguished and hard-working members of the B and B commission and is one individual who above all others in the country is dedicated to a belief in the flourishing two founding cultures of Canada.

I met Mr. Phillips of Vancouver once. I believe he is a Liberal although I do not think he has particularly identified himself as such. Perhaps he will deny that he is. I am informed that he has made investments in films made in Canada, the latest being made by the British industry and starring Rita Tushingham. It was shown a year or so ago on the west coast. He is an enterprising and vigorous young businessman who knows what it is to invest his own money in this field. This seems to me to be a good background when it comes to investing public money.

Having regard to Mr. Harris, I do not know him personally but have been informed that he has a very distinguished career in business. I have never heard that he has any politics. He is a man who is particularly interested in the arts and the theatre.

It strikes me that all these people are particularly cultivated and well qualified Canadians. The most anyone can say is that they have taken an active interest in the affairs of their country and have chosen the best party to support. By no stretch of any rational kind of imagination could any of them be called a hack.

Mr. Orlikow: I do not know whether it was by accident or by design that the minister neglected to comment on Mr. Elliott, who is also a member of the board. Let me refer to the minister's own press release which indicates that Mr. Elliott, after working for a number of Ontario newspapers, joined the MacLaren advertising agency of Toronto in 1948. It is stated that he served six years as film production supervisor in the agency's television department and is now a vice president and director of the company. There is not much purpose in pursuing the political aspects but I want to put on record, in case the minister is as unknowledgeable about politics as she seems to be, that other members of this house know about the close relationship between the Liberal party and the MacLaren agency. It is not an accident that this gentleman was appointed to the board.

Surely I made it clear in my earlier remarks that I exempted Madame Favreau from my suggestion. I said she had spent a number of years working at the film board and as film critic for *La Presse*.

[Miss LaMarsh.]

I accept the minister's word that these people are interested in culture, but that is not the point. They have not been appointed as directors of the C.B.C. or as directors of the National Film Board, both of which are concerned to a large extent with educational and cultural productions. They have been appointed to a corporation with the one purpose of co-financing, which was the term I think the minister used when introducing the legislation, commercial full length films.

• (3:20 p.m.)

I say to the minister, as she said then, that this is a difficult and risky business. I hoped we would do everything possible to see that this business is a success. It is true, as the minister says, that these people will be acting as sort of directors of a bank. I have not had the experience with banks of some hon. members but I am quite sure that if you went to the Royal Bank of Canada, the Bank of Montreal or any other bank, or one of the banks we have established such as the Industrial Development Bank, the person with whom you would deal if you wanted money in large quantities would be one who had a pretty good grasp of all the implications of the business in which the prospective borrower was interested. If you want to borrow money for building houses you will deal with somebody in a bank who knows about building houses. If you want to borrow money for building a factory you will deal with somebody who knows what are the prospects of the industry concerned.

I suggest that there should have been appointed to the board as directors people who know the film industry. With regard to the people I mentioned, I forget the minister's exact term but she said my suggestion was ludicrous and so on because they are making $100,000 a year. That is true. Because they can make that kind of money and are successful I suggest they are the kind of people who should have been appointed to this board. I think it would be wonderful if one of them could come back to Canada as the full time general manager of the corporation, but here we have a part time board and I presume the members will be paid only an honorarium and their expenses. I am reasonably certain that amongst the names I have mentioned and hundreds I could mention who have left Canada to be actors, producers and directors there are two or three who would have been honoured had the minister said to them: Would you sit on a board of directors

to help us establish a film industry in Canada? I am sure many of them feel they owe a debt of gratitude to this country for the start we gave them in the C.B.C., and so on. I am sure some of them could have been persuaded to sit on this board of directors rather than the kind of people the minister has appointed.

Miss LaMarsh: Mr. Chairman, I did make one oversight with regard to Mr. Elliott. Mr. Elliott has had some experience, as was indicated, with respect to films. He is one of the most brilliant young men it has been my pleasure to meet. Indeed, at one point there was a very strong chance that he would be nominated as the film commissioner for the National Film Board. He was not, however, in a position to devote full time attention to the public service. I apologize to Mr. Elliott for not dealing with him in the list to which I referred and which I had committed to memory.

However, the hon. member should realize that a number of people who have made an impression internationally in the film field are extremely interested in this program and have been writing me over the past couple of years because they wanted to know when the board of directors would be set up so they could make a proposition and obtain money from the board. Almost everyone I have spoken to throughout Canada who has been potentially a person who might serve on the board has had to demur when I have told him or her that they would, of course, completely and legally have to disassociate themselves from any enterprise which would at any time make any claim on the fund of $10 million. This has been the situation in the case of the best known home-grown Canadian film talent, who would have had to leave their companies in order to become associated with this board, as well as in the case of some who are not as well known. A great many people who were interested in and eager to take part in the program, once they realize that the proprieties of the situation were such that they could not have any financial interest of any kind and serve on the board, decided to stay away from the board and at a later time make application in the hope that they would be able to make Canadian films.

The hon. member cannot have it both ways. He suggests that if you go to a bank and want to borrow money in order to participate in a particular enterprise you go to someone in the bank who is qualified to deal with that matter. That is exactly what we hope will happen in respect of this board, namely, that if you go to the film development corporation you will be speaking to people who have an active knowledge of the industry and are there as full time appointees. A decision will be made by the board of trustees. This is exactly the same situation as obtains with the board of trustees of any bank, which is certainly not made up of people who do not understand the situation that exists when you ask for a loan.

I have noticed in this post, as in others I have held in the last couple of years, that when I have made nominations of appointees to positions my enemies, and sometimes my friends, have put forward arguments about appointing supporters of my party simply because they are supporters. I state quite frankly that the pressure in this regard is becoming less and less. But if I see two people before me and they are both good I will pick a Liberal any time over the other applicant. I make no apology for doing this.

It also seems to me that when we set up a board like this with respect to something that will be difficult but interesting, we are approaching very closely the American system whereby the day after the announcement is made there is in this house an unprincipled attack on the people appointed, even before they have picked a staff and opened an office. I suggest to the committee that they wait until the next supplementary estimates are presented to make these criticisms. I also suggest that the hon. member, in his generosity of heart and mind, should stand up and swallow his words.

Mr. Orlikow: Mr. Chairman, I assure the minister that if a year from now I see that this corporation is doing a good job I shall, regardless of what I have said—and I retract nothing I have said up to now—make a special point of rising and commending the board for so doing even though they are laymen, which makes it difficult. But I say to the minister that I speak not only for myself but for a number of people in and around this field who are interested in the matter. I have spoken to some of these people since I saw the announcement in the press yesterday, and they expressed in even more vigorous language than I have their views in this regard. I could not use their language here because it would, to say the least, be unparliamentary.

Mr. Byrne: They probably learned that language from you.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I am among those who are somewhat surprised at the attitude of our colleague, the hon. member for Winnipeg North (Mr. Orlikow). I know him well enough to know that he is incapable of a mean action or a shallow judgment. If I did not know him, I would be inclined to accuse him of pettiness in the circumstances, since he just gave an opinion which is not based —according to his own comments—on definite facts.

I sincerely believe that the minister does not have to make any apology to the house for her choice as concerns the appointment of the members of that board.

Personally, I cannot, without protest, let anyone make comments reflecting, for instance, on the integrity and the competence of Mr. Georges-Émile Lapalme. I have had the good fortune of knowing him intimately for a great number of years. I had the opportunity of seeing him perform in all kinds of fields. I also had the opportunity of ascertaining the soundness of his judgment, the confidence he inspires around him in all artistic circles, whether the graphic arts, the drama or any other artistic field.

In the province of Quebec, he has been a sort of innovator in all artistic fields. In fact, he has been called upon in all kinds of circles, including the provincial fields and those that are free from partisan politics. The municipal authorities of the city of Montreal, for instance, and the organizers of certain symphony concerts and such have repeatedly called upon his assistance. I say that he is a man of irreproachable judgment, known intellectual integrity and honesty, and very sound artistic taste.

• (3:30 p.m.)

Mr. Chairman, I know Miss Favreau by reputation. I know her for having read personally a good number of her columns on artistic matters; I think I know her well enough to say that she is very objective in her comments. I know, of course, that it is a grievous fault if she, or the others, are Liberals. Had sympathizers of the New Democratic party or the Ralliement Créditiste or the Conservatives been chosen, this would probably have won them favour, but still, that is the game of politics and, to my mind, it should not be taken into account.

But the point my hon. friend from Winnipeg North failed to see is that people in the business are not necessarily sought out for such agencies. It is rather a matter of creating a

body which will know how to distribute, as equitably as possible, while observing the rules of distributive justice, that amount of $10 million the government is making available to those who will be willing to expand the film industry in Canada. Are technical people really needed for that purpose? Of course not, and on that point, I disagree with my friend for Winnipeg North.

Mr. Chairman, it so happens that a technician in the film making business has necessarily belonged to a particular school of thought and has been prompted by his personal taste and habits, for a great many years. If, by the force of circumstances, he is asked to sit on such a board, he should not allow himself to be influenced by his personal tastes, tendencies and habits, by his friends of many years or by the school which helped him to make a name for himself. If such types of persons are necessarily sought, it is quite reasonable to think that, at times, they may lack objectivity.

In such a case, we have chosen—at least, so I presume, because I am not acquainted with the others—businessmen who know how to administer a budget, people who have enough common sense and refined artistic taste, to know how to distribute that money, without necessarily giving too much to one school or one movement, but who will give to all those who can enrich the Canadian heritage in the film industry.

Now, Mr. Chairman, while pointing out those facts, I wish to say to the minister that she does not have to make any apology, especially if the remarks of my hon. friend for Winnipeg North have reflected on the reputation or prestige of Mr. Georges-Émile Lapalme. I would have liked to have tried to remedy the situation. I am sure that, a year or two from now, we will realize that we have an agency which is entirely capable of providing the country with the kind of service which it has been asked to provide.

Personally, I have complete confidence in the chairman of that agency. I cannot say anything about the other members, because I do not know them, but I believe that those who chose them certainly did not intend to choose election organizers, but people who will be an asset in the field of arts, and who will provide responsible management.

Having said that, Mr. Chairman, I have a question for the hon. minister.

[*English*]

In order to avoid any delay I will put my question in English. I understand that this $10

million will be distributed to those in the industry who will make films. Is it the intention of the minister or of the cabinet that this money eventually be reimbursed to the government in one way or another? Suppose a film is made, is then sold and makes a large profit. Will the grant allotted eventually be reimbursed to the government?

Miss LaMarsh: The legislation makes it clear that the board members may decide to invest in such a way as to have a share in any profits. Let us hope there is a share in the profits and not in the losses. It may also be that a grant may be given or even a straight loan with or without interest. It is certainly not the intention that the $10 million be completely spent. It is hoped that it will be a revolving fund and that profits will be forthcoming.

Mr. Mather: Mr. Chairman, before the item carries I wonder whether I could ask the minister a question. Would she undertake to give consideration to urging that new action be taken at the federal level for the preservation of historic films and the establishment of an adequate Canadian film archives to house irreplaceable art films?

Miss LaMarsh: A couple of years ago, when I undertook this portfolio, I was visited by representatives of various art groups. I asked them to meet and make a proposal as to who should keep the archives and who should have control of them. They have never come back to me with such a proposal. However, the film board keeps some film records, both in Montreal and in other regional centres, and of course the C.B.C. keeps a great number of them. I think it would be very helpful to the country if we had a central place in which to keep them. This is certainly something in which the film board is interested, and individual members of the film board such as Mr. Côté are very anxious to see it done.

I do not know whether in the next year's estimates the board will find some money to develop this program, but I think hon. members should realize there have been cut-backs and as of this week all agencies will have to take a 2 per cent cut. So while there is a continuing interest it may be that this year not much money will be spent on archives.

Mr. Sherman: Just before the item carries I should like to ask the Secretary of State one question. It arises from inquiries I have received from persons interested in the Canadian Film Development Corporation and the function it will have in promoting a feature film industry in Canada. Could the minister give the house any indication of how soon the corporation and its new board will be in a position to entertain applications for and inquiries about assistance to specific groups interested in launching themselves in the feature film industry? Is the board in a position to entertain such applications now?

Miss LaMarsh: No, Mr. Chairman. The new chairman who has just been appointed intends to call a meeting quite shortly. I have a list of almost 30 people with varying degrees of experience who have applied for the post of general manager of the board, and while this appointment is made by order in council it is made on the recommendation of the board. So the board will have to have its first meeting to choose its officers and make its regulations, at which time adequate public notice will be given that it is open for business.

The Assistant Deputy Chairman: Shall vote 1c carry?

Some hon. Members: Agreed.

Item agreed to.

L75c. To increase to $2,800,000 the amount by which expenditures that may be charged at any time to the National Film Board Operating Account established by section 18 of the National Film Act may exceed receipts shown in the said Account; additional amount required, $800,000.

Item agreed to.

NATIONAL GALLERY OF CANADA

1c. Administration, Operation and Maintenance—To increase to $1,100,000 the amount of the payment to the National Gallery Purchase Account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act, $350,000.

Mr. Herridge: I have a brief question. Could the minister enlighten the house as to what the $350,000 is to cover? Could she tell us what pictures have been purchased with this money, and in view of the fact that she has many more cultural opportunities than the member for Kootenay West could she explain to the committee the purpose and the philosophy behind abstract art?

Miss LaMarsh: The answer to the latter part of the question is, no, to each his own. I am sure that Dr. Boggs would be very happy to give the hon. member such instruction.

The amount of money in the national gallery vote is equivalent to the money for the purchase of the Rembrandt, which was in the

nature of a centennial purchase for the gallery. I might say we have an offer already from the American Art Museum to buy the Rembrandt at a profit. If times should ever become tough, we could, therefore, start selling these national treasures.

• (3:40 p.m.)

Item agreed to.

PUBLIC SERVICE COMMISSION

5c. Construction or Acquisition of Buildings, Works, Land and Equipment including the Public Service Bilingual and Bicultural Development Program, $180,700.

Mr. McCleave: I should like to ask the minister a question on this item. Perhaps I am out of order but I will try the question on for size because she is in such an amiable green mood today. Is the government giving any consideration to having some form of regular review of the various pieces of legislation which deal with our relations with public service employees? I know that in 1961 a special parliamentary committee was set up to study this matter, and there was another one last year. It seems to me that after a reasonable length of time we should have some sort of guarantee that the relations between the government and the public service will be studied by another committee. It may be unfair to ask the hon. lady to answer this afternoon but I should like to pry from her, as skilfully as I can, her thoughts on the subject in the hope she will commit either herself or some future cabinet minister.

Miss LaMarsh: I have not heretofore had any thoughts on the matter but the hon. member has been so skilful in putting his question and the blandishment of his words has been so great that I find myself won over. I say, therefore, that I will be pleased to take up the matter with my colleagues.

Mr. Herridge: Before we conclude these estimates, which are the final estimates for our centennial year so far as the minister's department is concerned, I want to say on behalf of all parties in the house that I have this little poem which is dedicated to the minister:

> When time who steals our years away
> Shall steal our pleasures too
> Fond memories of her days still stay
> And half our joys renew.

The Assistant Deputy Chairman: It is a beautiful poem but out of order. Shall the item carry?

Item agreed to.

[Miss LaMarsh.]

CONSUMER AND CORPORATE AFFAIRS

1c. Departmental administration, $399,753.

Mr. Peters: I believe this is the first time the minister has had an opportunity of explaining the administrative items of his department, Mr. Chairman. I think members would be very pleased to hear from him about the development of these several agencies, including the bankruptcy section. This course might result in considerably reducing the discussion.

Mr. Turner: Mr. Chairman, I defended the main estimates of the department when the department was under the Registrar General last fall. There was also a very thorough debate on the new consumer branch when the consumer and corporate affairs re-organization bill was brought before the house in November and December. Perhaps it would be more practicable if hon. members would direct my attention to whatever subjects they would like discussed. I feel we have had a fairly full review of the department within the last two or three months. I am willing to make a statement but I think it might be more useful if members of the committee were to direct my attention to specific subjects.

Mr. McCleave: Earlier today I raised a point with the minister and while I shall not labour it, it seems to me that a situation has developed in this country with regard to one of our national sports that deserves more consideration in parliament than it has received so far. I believe that thanks largely, I suspect, to the lure of television money, two hockey organizations in Canada have conspired against the national interest of Canadians. I refer to the Toronto Maple Leafs and the Montreal Canadiens. These two organizations have conspired to see to it that a third city in Canada shall be denied a franchise in the National Hockey League.

We have taken enough batting around of our national pride as a result of sending inferior hockey teams abroad to represent this country in so-called amateur play. In addition, however, we find a situation that has never been satisfactorily explained, namely, that ten of the 12 professional hockey teams on the North American continent are located in United States cities. The thought that immediately came to my mind with regard to the situation in Canada was that Toronto or Montreal, or both together, were unwilling to give up their share of the revenue that could be derived from national

television broadcasting in Canada and that they had their eye on the almighty buck instead of any national pride in this country.

As the minister said earlier today, perhaps this is a matter that we cannot study in this house. However, I suggest to him that there may be very good reasons why the Restrictive Trade Practices Commission or other groups that we have set up in days gone by should be looking at this situation to see whether we cannot get Vancouver a franchise. The Restrictive Trade Practices Commission appeals to me because when we examine the motives of the Toronto and Montreal people who made the decision to support United States interests rather than British Columbia interests I believe it is apparent that they were motivated by whatever cash could be divided between them rather than any other reason.

I hope the minister will be aggressive enough in the field of national interest and Canadian pride to take a look at this situation. I suggest to the hon. gentleman, whom I esteem highly as do many other members on this side, that this might be just the crowbar that would open the door to success in connection with certain events early in April here in Ottawa. This might be just the thing that would bring him through with flying colours, assisted by Canadian pride and assisted by decisions that were made behind closed doors by a self-interested, money-grasping group of people. If there is an ounce of sportsmanship in that group I will grant it but I think it is 99 per cent self-interest. There may be a 1 per cent interest in Canada's ability to develop the greatest hockey players in the world.

Mr. Cashin: I wish to make a brief comment arising out of the remarks of the hon. gentleman. I generally subscribe to the viewpoint he has expressed. However, he did use a phrase during his remarks which, on reflection, he might wish to clarify in some way. It is for that reason I am rising. He referred to the fact we are sending inferior hockey teams abroad. If this remark were to stand without any further comment I think it might cast a reflection upon the Canadian national hockey team. I believe that the building of this hockey team is something which the theory the hon. member was advocating would assist. I feel that those who are behind these men have done much work which is in the country's interest. I know that in Newfoundland, from which one member of the team came, we raised several thousand dollars in order to help in the development of Canadian amateur talent.

• (3:50 p.m.)

It is in this sense that I agree with what the hon. member suggested. I think the effect that the professional hockey combine—or whatever one wants to call it—has on our young hockey players is unfortunate, and I strongly approve the action with respect to the Canadian national team that will bring an alternative course to young Canadian boys who wish to further their education. At the same time they will be able to develop their athletic skills. I am proud that we have men, willing to help, and that we have been able to raise financial resources to help these hockey players to further their education. One of the first places they visited, I believe, was St. John's, Newfoundland, and much credit is due to Alec Faulkner. I think they were a superior bunch of boys, and they did a tremendous job this year. I am sure hon. members on the opposition side would not wish to detract from the good name of our boys by using qualifying adjectives such as "inferior".

Mr. McCleave: My hon. friend is quite right. It would have been better if I had said that Canadians and the teams they send abroad to take part in competitions are hampered by phony amateur rules. A country's team which abides by them, as ours does, may find itself at the mercy of another country's team which may not abide by them in the same way. That is true especially of world championships. I fully accept the qualification my hon. friend has made.

Mr. Hales: Mr. Chairman, I wish to ask one or two important questions of our genial minister. Perhaps he might lump them together and answer them at once, so I shall begin with this question. Are these supplementary estimates all related to the new division of the Department of Consumer and Corporate Affairs, or is a general amount spread over the entire department, formerly the Department of the Registrar General?

Second, what step is represented by this number of persons who are being detailed to the new Consumer and Corporate Affairs section? Also is the minister to have one or two deputy ministers? Next I would ask whether the minister has taken any steps to co-ordinate other departments of government into his department; will his department take over some of their work?

Has the minister set up in the department a consumer advisory council, which the act says may be set up? If so, how many are on this consumer advisory council and what remuneration will they be paid? If the minister can answer these questions I shall reserve any others I have to ask until we come to other specific votes.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I wish to underline all the questions the hon. member for Wellington South asked, because I am as interested as he is in the answers. This afternoon I particularly want to ask the minister what he intends to do about what has been highlighted again by the prairie commission. I do not want him to put me off by saying that he must talk to the prairie governments and find out what they are going to do, because this is a matter which comes within the purview of the Department of Consumer and Corporate Affairs. That department ought to be leading the prairie governments in action. The prairie governments made a number of recommendations, which I have been studying, and they have been asked to take action. I want to know the minister's response to those recommendations, since he has said that he recognizes how important public opinion is in these matters.

On March 11 when the minister spoke in Winnipeg he was reported to have said that he had instructed the federal combines branch to look into the grocery retailing business on the prairies. Later that day in the house he said he was prepared to look at the report and to meet Judge Mary Batten. I know he met Judge Batten, and presuming he has studied the report, I suggest he will consider that the time for action has come.

This week end, when the minister will start out on his tour as a potential candidate for his party leadership, he and I will probably travel in the same direction—not on the campaign trail, but geographically. It is important for the public to know what the new department intends to do about the situation uncovered by the commission on the prairies, one which is analogous to the situation that was uncovered by the joint committee of the Senate and House of Commons on consumer credit. That committee reported one year ago Christmas. On the prairies there has been discovered a virtual monopoly by two big firms, both in the grocery business, Canada Safeway and Weston.

[Mr. Hales.]

The report, as published in the *Globe and Mail* for Tuesday, March 5, contains these interesting facts:

> The largest sellers, Canada Safeway and the Weston stores, have acquired sufficient power to enable prices to rise above competitive levels, resulting in excess profits for the large chains.
>
> Excessive building of stores has led to underutilization of stores, unnecessarily raising the costs of retailing groceries.
>
> The position and power of the chains has led to and required the use of self-cancelling and costly advertising campaigns.
>
> The study also found that luxurious supermarkets, built to lure customers away from other stores, may have raised costs of food distribution.

The report goes further than did that of the joint Senate and House of Commons committee, when it pinpoints in this fashion just how much this monopoly has hurt Canadian families:

> For 1966, excess profits were declared to have cost consumers of Winnipeg, Regina, Saskatoon, Calgary and Edmonton, in terms of reduced well-being, a total of $3.5 million or $9.40 per family of four. Excess capacity cost consumers even more —$19.3 million, or $51.88 per family of four.

Grocery advertising cost each family of four $14.50, and luxurious conveniences, such as free parking and air conditioning represented 3 cents on every food dollar, or $38.72 a year for a family of four.

• (4:00 p.m.)

These figures for the average family of four may not mean much, but they mean a great deal to those on low incomes. The commission's recommendations are clear. One recommendation is that if present legislation is inadequate to correct the existing situation, the three prairie provinces should initiate a study with a view to providing necessary legislative changes, so that cases of inadequate industry performance on account of concentration can be examined and corrected. They also urged the federal government to examine the possibility of eliminating wasteful advertising and preventing the use of advertising to fortify positions of industrial control.

The minister is aware of the need for action along these lines. In recent speeches he has been talking about the troubled consumer, meaning consumers in lower income brackets. He said in one recent speech:

> There are many Canadians who are troubled consumers—the poor, the elderly, the handicapped, the regionally depressed. They have special consumer needs, special problems. One of the great questions of the next decade will be to expand the dimension of equal participation to all our

citizens. A program for troubled consumers aimed at better protection against unscrupulous practices, which prey on the poor and handicapped, the development of better consumer skills, the provision of special goods and services for those who have particular needs, such as the elderly, and the provision of legal aid and consumer counselling to assist those with problems, can play a major part in opening the door for many dispossessed Canadians.

I want to say frankly to the minister, since he knows very well who the troubled consumers are—the poor, the elderly, the handicapped—that it will not be good enough merely to express concern. Evidence has been piling up before the joint committee and before the prairie committee on living costs that positions of power have been built up by two or three monopoly organizations operating in the grocery business, that it is essential that action be taken to prevent excess profit making, and that in this connection unnecessarily wasteful advertising should be stopped because it adds to the cost of groceries. I draw attention again to the recommendation that financial institutions which are essential to credit buying be brought within the purview of the Department of Consumer and Corporate Affairs so that the combines investigation legislation can be applied in connection with them.

I wish to remind the minister of another important recommendation made by the joint committee:

Your committee noted that the Director of Investigation and Research under the Combines Investigation Act reported the discontinuance of a study of concentration in the food retailing industry in Canada on March 15, 1963 (Report of the Director of Investigation and Research, Combines Investigation Act for the year ended March 31, 1963). Your committee recommends that this study be resumed on a continuous basis and broadened to cover both food retailing and manufacturing in Canada with a particular view to examining concentration, market power and trade practices in the relations between retailers and suppliers.

The committee made that recommendation a year ago in its report, but as far as I know nothing whatever has been done about it. The prairie commission recommended to the provincial governments concerned that they approach the federal government with a request that the Department of Consumer and Corporate Affairs deal with a similar situation on the prairies—a situation which has become worse since the report was made.

It will not be good enough for the minister to hide behind the fact that so far the prairie governments have not approached him, or that jurisdiction over prices is shared between the federal government and the provinces. If the hon. gentleman is serious in his bid for leadership of the Liberal party, if he is serious about becoming prime minister of Canada, here is a plain challenge open to him.

The people have let it be known they are being crushed by rising living costs. We know what needs to be done. Evidence given by witnesses before two inquiries has made the facts available. Will the minister now take the action which is called for? He has already piloted legislation through the house which he says will help reduce the prices of prescription drugs by stimulating competition in the industry. This is what he must try to do about food prices, whatever method he chooses. We have recommended the setting up of a prices review board as a means of giving full publicity to excess profit takers, so that they can be brought under control and dealt with. I hope the minister will not take shelter behind the Prime Minister's statement that a review board with vague responsibilities in connection with industry as a whole is to be set up. As consumers we are asking him to set up a review board to deal with food, housing and consumer goods in Canada, now. What does the minister propose to do?

I am not concerned at this moment about false or misleading advertizing; I am satisfied the hon. gentleman will look after that. I want to know what he intends to do about the cost of living—not in the next decade, but now, before he stands up and says: I want to be the Liberal leader; I want to be prime minister of Canada. In the name of the consumers of Canada I ask what he intends to do to deal with the cost of living, which is already crushing a quarter of our people whose incomes are below acceptable levels.

Mr. Baldwin: After that inspiring speech by the hon. member for Vancouver-Kingsway the minister may conclude that he might be answering a call to higher service by remaining in his present office rather than by seeking other responsibilities. If he sees this question in the same light as I do he may be able to perform a greater service for the people by remaining where he is. I recognize he has other talents, of course, but I just thought I would place that observation before him.

The Batten report has turned the spotlight on this issue, one which could conceivably be even more serious in the near future than it is today. I should like to ask the minister whether, in his discussions with the provinces, he would give consideration to a

proposal which emanated from myself and other members of this party, namely that an effort be made by the governments of Canada, provincial and federal, to devise a joint approach to this problem.

Quite obviously the necessity of using the Criminal Code as a basis for the combines investigation legislation has proved highly unsatisfactory. There are cases when present procedures meet the situation, but a different approach is evidently called for. It will take either consent on the part of the federal government to shift all jurisdiction to the provinces, or else consent to grant all these powers to the federal authority. Failing this, a joint approach will have to be undertaken. I hope the minister will find out from the provinces what attitude they are inclined to adopt.

Here is a perfect example. A royal commission appointed by the three western provinces has resulted in a useful report to which reference has already been made in this debate. To what extent will the provinces be prepared to act in co-operation with the minister and the federal government in seeing that measures are taken which will be far better and more comprehensive than those possible under the restrictive terms of the present combines investigation legislation?

I say this advisedly. After listening to what the Prime Minister had to say, and observing that the government proposes to set up a prices review board, proceeding under the Inquiries Act, I am of the opinion that we can expect a dismal failure. Anyone examining the Inquiries Act will immediately observe that the powers conferred by it are limited to inquiries where the good government of Canada is involved. I suggest that on a reasonable interpretation of those words this means that if there is an attempt to inquire into matters that are purely within provincial jurisdiction this would be outside the scope of the Inquiries Act.

• (4:10 p.m.)

In addition, Mr. Chairman, I notice from an examination of the Inquiries Act that the board established under the act has the right to call witnesses to make examinations and then to report. It seems obvious that a very substantial period of time will lapse between the time the attention of the government is directed to cases of prices being charged that are higher than they should be, and the time that the report of the board is presented to the government. The period is such that the situation will probably be beyond repair.

[Mr. Baldwin.]

Having listened to the statement of the Prime Minister and examined the Inquiries Act, I do not think that a prices review board as envisaged by the Prime Minister will meet the existing situation, one which I think will become more serious in the near future. If this situation is to be met the federal government, together with the provincial governments, will have to devise ways and means of approaching the problem and of finding solutions. Therefore I urge the minister to seize this particular situation as a means of exploring with at least the three western provinces whether or not such an arrangement can be brought about.

Mr. Herridge: Mr. Chairman, I wish to make a few brief observations on this item. I am a little more optimistic about the purposes of this department. While I have heard some members say that it is nothing but a façade, I have heard others say that it is one of the most important legislative steps that have been introduced into this house. Under present circumstances, particularly during peacetime, we recognize it is experimental legislation. I am sure that as a result of application of the act amendments will be made which will bring about its better administration and increase its advantages to the people in general.

I wish to bring to the minister's attention a subject in which I have been interested for some time. When I spoke at length on the bill I mentioned the loss of income sustained by low income groups who had very little knowledge about how to purchase nutritional food at an economic price. One of the trade unions in Ottawa undertook some research into this question, Mr. Chairman, and made a survey of low income groups who purchased food at chain and other stores. They came to the conclusion that the average low income group, owing to lack of information and knowledge, wasted between $600 and $900 per year on food purchases. They had no knowledge of credit arrangements and other matters, and stores, advertizers and certain credit organizations took advantage of this lack of knowledge.

When the minister rises to answer the comments that have been made by members of the opposition I should like him to explain what is being done to inform these people and to educate them in this respect. I realize this can be done only through co-operation with other organizations in the country, whether these be trade unions, women's organizations or consumer organizations. They

must be willing to co-operate both with the minister and with provincial departments in order to bring this information and knowledge to the attention of those who require it.

I listened to the hon. member for Vancouver-Kingsway and to her comments about the operations of certain chain stores on the prairies. I have read the report to which she referred and I realize that it provides the basis for some very serious study and investigation. Before the minister undertakes that investigation I should like to bring to his attention a personal experience that I had in this respect. Up to the time I was elected a member of parliament and my standard of living was considerably raised I was a fruit grower and suffered from all the disadvantages of that occupation, particularly during the depression. I remember that on one occasion we sent a carload of fruit to Calgary; this was before the marketing board was established. The man in charge of this consignment went to a wholesaler who offered him a certain price. He refused the offer and said he would go to another wholesaler. He called on five wholesalers, and each telephoning the other and in each case dropping the price. After two days he went back to the original wholesaler and said he would accept the first offer, but this wholesaler already said that he could not offer the producer any more. Since he could not afford the demurrage and other expenses, Mr. Chairman, he had to accept the lowest offer.

Then later, Mr. Chairman, we tried to sell our fruit direct to the co-operatives on the prairies or to small country stores. But do you know what the brokers and wholesalers did? They notified the co-ops and the small stores that if they purchased any fruit direct from a grower in British Columbia they would receive no fruit or other imports from the United States, but would be cut off. This included citrus fruits, nuts, and so on. Therefore they were forced to buy from the wholesalers and the brokers. That situation was the direct cause of the formation of the Tree Fruits Marketing Board in British Columbia. I give that body credit for doing an excellent job since it was established, though there is room for improvement.

I suggest that in investigating the situation the minister must work with the provinces. I hope that he will inquire into the relationship that exists between wholesalers and brokers and the large chain stores. At one time they were practically controlled by half a dozen people. One of the worst offenders was the United Fruit Company whose headquarters was in the United States. I hope the minister also seeks information from the Tree Fruits Marketing Board, the producers and the co-operatives because they are all involved in pricing.

According to recent newspaper reports the provinces are becoming interested in this matter. This is natural; the consumers are aroused and want to be certain that they get better value for their dollar in the near future. On that account the government of British Columbia has passed a consumer protection act, and I see that other provinces have the same intention. This shows they are interested in the matter. I suggest that they are now in a mood to co-operate willingly with the minister in investigating particularly the cost of food and in formulating legislation, both federally and provincially, that will meet the situation.

I think the hon. member for Peace River was quite right when he said that this question cannot be confined just to investigations by the combines investigation branch. The matter covers a wider field. I am sure that if the minister, as I am confident he will, enters into this investigation with a spirit of co-operation with the provinces and to the advantage of the consumers, we will get results in the near future. I wish him well in all he undertakes in this direction.

Mr. Chatterton: Mr. Chairman, when the minister makes a few remarks later on I should like to ask him to give the members of the committee an example of some of the action that his department has taken that may prevent increases in costs, or which may stop misleading or false advertising and labelling.

Mr. Peters: Mr. Chairman, I had hoped that the minister would give us his election outline of what he intends to do with regard to helping the consumers, through the functions of this new department. The people in my riding are more interested in the protection of the consumer than in anything else. I believe the minister has a great deal of scope in this field, one in which the general public is always fleeced. One day I happened to be in an A & P store on Bank street. I was interested in one commodity, cheese. I am interested in cheese because of my personal liking for it and also because of the fact that there are several cheese factories in my area. I was interested to notice a young man wet his thumb and rub the price off a package. I looked over his shoulder and saw that the

price was 59 cents, but that he stamped on the package a new price of 61 cents. The cheese sold by the A & P stores obviously has a mark-up conducive to the operation of its business in relation to cheese prices.

Most members of this house know that the prices of cheese vary anywhere between 41 cents and 43 cents, depending on the type purchased from the board. Members will also know that a mark-up of 20 per cent would bring it into a fairly reasonable range. I think everyone will agree that this store was literally stealing from the pockets of the public because this change in price had no relationship to the mark-up or to a change in the price they paid for the cheese. Surely the public should be protected. I realize that if a store manager finds that the price he must pay for a product he is placing on his shelves has increased, he will have difficulty in keeping this product in tune with a reasonable price. When without reason, however, he changes the price he in effect is being dishonest.

It seems to me that this is a problem with which the Department of Consumer and Corporate Affairs should concern itself. If the price of cheese has gone up to 45 cents wholesale, then I am quite sure that new purchases should go on the shelves at a price of 66 cents. But this had not happened. We all are aware of the wholesale price for cheese, because we pay a subsidy on it and the price is decided by the cheese marketing board in Ontario. Here we have an example of a large store marking up a price, and placing a new price on a product. We all know this happens occasionally, but so far as I am concerned this is a totally dishonest practice.

There are other problems the Department of Consumer and Corporate Affairs should be looking at. One is the great problem involved in the ability to look at a commodity and decide whether or not it is a fair value.

Mr. Byrne: Taste it.

Mr. Peters: Yes. Not long ago here in Ottawa a salesman came to the manager of a small store wanting to sell him some peaches. The wholesale price was more than a chain store down the street was charging for its peaches. The small store manager said that he could not afford to buy peaches because he would have difficulty in selling them. The salesman said that his firm sold that brand of peaches to the chain store. They obtained a can of peaches from the other store and one that the salesman was attempting to sell to this small store manager, opened both cans, and found that the can obtained from the chain store had in it three half peaches less than there were in the other can.

In this type of situation it is difficult for a housewife to decide whether she is getting value for her money. If she happens to have 11 children and there are 11 pieces in one can, and then she finds that there are only eight pieces in another, and that as a result three of her children do not have any, she knows that she can do better by buying at one store than at another.

The condition I have described would seem to be a dishonest practice. In one case a person is buying peaches and in the other case is buying syrup. Surely there is a difference between these products, and yet the labels on the cans meet the specifications and requirements laid down. I am sure the minister, who has a family, will agree that if each member of his family can have two half peaches instead of one, or one and a half of the peach halves, there is an advantage in buying from one store rather than another. Yet a housewife would have to have a great deal of experience before she would be able to distinguish between the two products.

In respect of many products it is difficult to make a decision concerning which product is better, because of the regulations in respect of markings. Not long ago the manager of a supermarket pointed out the difference in the cans he had on his shelf. This resulted from a court action in the United States where it had been decided that for many years the 10 and 15 ounce cans had been improperly labelled. These were withdrawn, one being relabelled 9½ ounces and the other 14 ounces. But they were relabelled without any change in the size of the can. At the time of the discussion with the store manager he had both types of cans on his shelves. In one commodity there were six different types of cans, three of which appeared to be identical to three others, but there were six labels on those six cans indicating totally different products.

• (4:30 p.m.)

I am sure every member has had difficulty when buying a suit, both in respect of price and quality. The prices of suits appear to have gone up 25 per cent in the last year. I like to buy suits for about $35, but no matter how I try to persuade the manager of the store where I have dealt for many years, I am told there is no longer such a thing as a

$35 suit. He has told me that when he sells a suit for $75, it has been reduced by 25 per cent for the purposes of a sale. Perhaps the minister has no control over this situation, but it is of concern to the consumer.

Surely the minister's department could have some control over the labels that appear on clothing. Years ago I bought a suit which was marked down from $99 to $19 because the store had to get rid of them. The manager found that when a suit of this type was pressed by the dry cleaners the material scorched. It must have been much like the material in ladies' slips, described I believe as angelskin. If the iron is a little too hot when you iron such a slip, it burns and the angel is exposed.

Mr. McQuaid: Could I ask the hon. member a question? Who does the ironing in his family?

Mr. Peters: It surely is not I; but I have observed this particular phenomenon. The suit I was talking about was made of material of this same type. The manager had showed me one that had come back from the dry cleaners, of which the whole side was scorched and discolored. Incidentally I bought the suit anyway, because I thought perhaps I would not bother getting it cleaned. In any event, for $19 what do you have to lose?

The point I am making is that in this country, with our National Research Council and scientific facilities, we should be able to have suits labelled so that we know exactly the kind of material used. If you want to buy a suit that will not burn, you should know which type to avoid. I am not sure what the material is in this suit I am wearing, but I believe it is labelled silk and wool. I am quite sure there is no silk in it, and I am not sure there is any wool in it either. These manufacturers are allowed to use labels that mean nothing in terms of actual content or quality. All we can do is buy something with a fancy name. We cannot know whether a suit will be long wearing, whether it will stand dry cleaning or resist certain kinds of beverage stains.

Surely the Department of Consumer and Corporate Affairs could require that proper labels be used on articles like suits, which would indicate exactly what one is buying. I agree that the major factor involved is still price; but if proper labelling were required the consumer would have some assurance as to what he was getting and would be protected at least to that extent.

There is also some difficulty as to actual size. If a suit is marked 44 tall or 44 stout, that should mean something. A pair of size 10 shoes should fit feet that are size 10. Feet do not seem to change in size after a certain age, but the last on which a shoe is made does not seem to bear any relationship to a particular size. It is some time since I have had little children, but in my experience children's clothes marked to fit six year olds do not necessarily fit six year olds. In my own experience these garments were too small. On the other hand I am sure that some of my neighbours who have six year old children have found these clothes marked for six year olds to be too large. This is an area in which the department could set up a code of standardization in order that the purchaser would know what he was getting in terms of actual size.

Over the years when I have been interested in buying a major electric appliance or an automobile—usually this happens in the spring when I have spring fever, after the snow has disappeared—I have purchased a copy of a consumer's magazine. This magazine contains the results of tests and gives preferences in respect of electrical appliances, automobiles and other things. It usually indicates the weaknesses and the advantages. One is still left with the decision as to whether he will select an article with certain weaknesses but which has the compensating features of certain advantages.

This situation is the same in respect of automobile tires. When one purchases an automobile he is given the option of equipping it with two ply, four ply or perhaps six ply tires. In some areas six ply tires do not seem to be adequate because most of the roads are gravelled, and automobiles equipped with two ply tires to be used in such areas would constitute a hazard. In any event, my point is that one should be able to find out exactly what these various tires are worth in terms of requirements.

It seems to me that advertisers in this country have been able to advertise to suit their own purposes and advantages, rather than on the basis of providing information to the general public. With reference to the two ply tires, there is probably no doubt that a two ply tire of the turnpike type would meet the requirements of heat reduction better than the ordinary four ply tire. In this same context, perhaps a six ply tire would present a decided hazard to a driver doing mostly city

driving in a city like Ottawa, which normally has a lot of potholes. Such a driver might hit a pothole and would have to buy a new tire, because likely he would not be able to drive more than a few blocks before he had a flat tire.

• (4:40 p.m.)

It seems to me that the consumer affairs department should give to the consumer, not necessarily an iron-clad guarantee or make a prohibition in respect of these matters, but should provide the general public with an assessment of new commodities in terms of the consumer's dollar and purchasing power, as well as the protection or liability of the consumer in respect of a particular product. In my opinion a good consumer affairs department would provide this type of protection.

I go back to the suit that the storekeeper told me would burn if it were ironed. There should have been on that suit a label warning the public against ironing it, because if it were ironed it would be a fire hazard and would also be very destructive to the suit. You do not need to go as far as saying, "This garment is not protected against wash and wear," or something of that nature. This may be a label that is attached to garments only if they are not protected against wash and wear. I suppose every woman knows that she should not iron her silk stockings, because damage will be caused to them if she does. But I am sure most people think that a steam iron properly applied is suitable for ironing a suit. If it is not, I think the consumer affairs department should insist that a label be affixed to the suit warning the public of this deficiency. In this way the consumer would be protected.

I do not know how far the minister has gone in this field. I have not had the opportunity of sitting on the consumer affairs committee, which I understand has made a great deal of noise and has done a great deal of listening. The people on that committee appear to be quite satisfied with where they are going, but I really have not seen much protection for the consumer. I therefore hope that the minister will deal with some of these problems. I do not think the minister has to say that he has solved the problems, but he should at least be able to tell us what machinery has been set up for solving them.

I believe that the general public of this country is not protected with regard to the quality or value of goods in the marketplace. I remember the advertising that was allowed to take place in some of the major stores against the importation of Japanese shirts. There was an instance when at one of the large stores I bought a shirt that had on it the brand name of the store. This brand name was superimposed on a Japanese label. After a number of washings the brand name came off and I found that it was a Japanese shirt. This shirt lasted about five years, which is much longer than some of the other shirts I have bought.

We allowed this store and others to advertise against the importation of those shirts because it was said they were no good. "No good" is a pretty general term. Though the company may not have been dishonest in its advertising, they did not say the shirt would not stand up to washing and that it would turn yellow after bleaching, the implication being that if you did any of the normal things to the shirt, you probably would not have any shirt.

We are a trading nation, a nation in which there has to be an exchange of goods. Therefore it is doubly important that some control be provided in order to protect the consuming public. This control must be provided by the government. The minister will be the darling of the consuming public if he is able to indicate that he has set up the machinery that will provide the kind of protection that will allow a young lady starting out in her housewifely duties, and who has not had the experience of a social science course at high school, to go into a store and know when she buys a baby blanket that it will fit the crib next week after it has been washed. The minister will be the darling of the consuming public if a young lady is able to go to the grocery store and buy a "special", knowing that there is some legitimacy attached to the label on the commodity. Then she will be protected against the ultimate disgrace of having her husband come home and say: I see you got sucked in because of that label, if you had gone to the store across the street you would have bought that product three cents cheaper.

I ask the minister to look at an ad of Johnson's Furniture Company which has appeared in one of the local newspapers, in which they advertize a closing-out sale of new furniture. Down near the bottom of the advertisement there is a little inset that says the company has complied with bylaw No. so-and-so of the city of Ottawa, which demands that they supply the city authorities with their purchase

price, their normal retail price and the closing-out sale price of every commodity in the store. I did not know this type of bylaw existed. Certainly in a backward city such as Ottawa I would not have anticipated it. It really surprises me, and I commend the city of Ottawa for passing such a bylaw.

Whenever I drive down the street and see a closing-out sale, I wonder where they are moving to, whether it is only across the street, what kind of gimmick is involved and whether any sale is actually taking place. I was deeply impressed to learn of this bylaw of the city of Ottawa. This furniture company appears to be complying with the bylaw, which makes it mandatory that they declare the manufacturer's price which they paid, the list price, their normal retail price and the price at which they are prepared to sell the item in a closing-out sale.

I think that if the general public were provided with this kind of protection they would be in a much better position to make a decision as to whether an article is actually being sold at a sale price. The public are not able to make this decision at the present time because they have to contend with devious advertising that is really not honest and cannot be properly interpreted by the consumer.

Mr. Macquarrie: Mr. Chairman, I know the minister wants to go west with the hon. member for Vancouver-Kingsway and I would not want to delay that process at all.

Mr. Knowles: That is quite an alliance.

Mr. Macquarrie: I had the pleasure of being at the minister's press conference this morning when he introduced his book. The minister's book was published by the same publisher that published mine, and I think that is the reason I was invited to the press conference. The hon. member for Antigonish-Guysborough and I should form a club which would indicate one could write a book without being involved as a leadership candidate.

I should like to ask the minister just one question, and I shall not delay him further. I am interested in knowing whether he now has information on the important matter about which my colleague the hon. member for Kings asked him the other day with reference to Prince Edward Island. I shall not speak further on these supplementals, except to say that I am growing very, very concerned about the tremendous extent of supplemental estimates, those things which should be an irregular item of business but with which we are asked to deal much more frequently as time goes by. I have discovered that in the last 20 years parliament has voted $6,700 million in supplementary estimates. The whole thing has become totally out of hand. Surely we can become better bookkeepers, and supplementary estimates should become the exception rather than the rule in these fields of large expenditure.

Mr. Turner: Mr. Chairman, on a point of order, I gather that the hon. member for Queens was not directing the last remark particularly to our department, but to the whole scheme of supplementary estimates. A good deal of these supplementary estimates is as a result of a parliamentary decision to widen the scope of this department.

• (4:50 p.m.)

Mr. Howard: I know the Minister of Consumer and Corporate Affairs is trying his best to relinquish that position. So, as suggested by my colleague, the hon. member for Timiskaming, he might not become the darling of the consuming public in so far as the activities of the department he now heads are concerned. But whether it is this or another minister who heads this department, perhaps the greatest amount of protection the consumer public needs is protection from the minister's own government, and from the mismanagement which exists within that government.

I wish to ask the minister whether, in his concern for the interests of the consuming public, he will at the first opportunity make strong representations to the Minister of Finance with regard to a rather ridiculous situation which has arisen within the last few days. On the one hand we find the government saying how desperately it is searching to save money in government departments, to curtail costs and increase efficiency, and on the other hand we find great wastefulness within the Department of Finance so far as the taxpayers are concerned. This very day the Department of Finance is spending nine and three quarter cents to buy a sufficient amount of silver to put into each 10 cent piece. In other words, in order to get a sufficient amount of silver to put into a dime, the government is spending 9.75 cents. This does not take into account the cost of the copper which goes into making up the dime, the cost of production, the capital expenditures for the machines, or the salaries or distribution costs of the Royal Canadian Mint. So we are losing money on every 10 cent piece we strike today. We spend twenty four and three

eighths cents to buy silver for every 25 cent piece we strike. This is an absolutely ludicrous situation when on the one hand the Minister of Finance speaks about savings to the consuming and taxpaying public, and on the other hand he is permitting the continuation of this sort of wastefulness.

Not long ago this parliament passed a bill authorizing the Minister of Finance this year to enter into the production of coinage to be made from nickel. If only the government would implement this law and start producing coins of nickel rather than silver, they would save the taxpayers of this nation countless thousands and perhaps millions of dollars. I wish the Minister of Consumer and Corporate Affairs would bring this to the attention of his colleagues in the cabinet and thus bring some balance to the use of the taxpayer's money in a proper and legitimate way.

Although the minister is not the only one to suffer in this respect, he appears to be suffering more than any of his colleagues as a result of two factors: One, that he is the minister of a newly established department and, two, that he is a candidate for a higher office in the government. As a consequence of these two factors, someone who has far more knowledge than I have of what goes on in the government has obviously made a search of the activities and operations of the Department of Consumer and Corporate Affairs and come up with the conclusion that it contains a great deal of fat. I think the word "fat" is used in reference to the staff within the department who are not pulling their weight, who are not cutting the mustard, as the saying goes, who are not efficient administrators, and are not serving the public interest to the full extent. Just two days ago, the Minister of Agriculture said the following in relation to the operation of the government:

> The plethora of departments leads to duplication and waste. Under these conditions, the vertical structure of the public service makes the flow and tranfer of personnel in the interest of efficiency most difficult. Departments with obsolete or obsolescent functions find personnel underused, and thence underproductive. At the same time new departments are recruiting additional personnel. The result—fat.

The minister may laugh, but it was his colleague and seatmate who made these comments. It is a regrettable state of affairs for the Canadian public to find one minister, in his intense desire to become the prime minister of this nation, running around with a sharpened knife solely and simply for the purpose of slitting the throat of another minister. It may well be that the Minister of Agriculture knows what he is talking about because he refers here, indirectly if in no other way, to the fact that there are government departments which are obsolete, or have obsolete or obsolescent functions, and to the fact that their personnel is underused and thence unproductive. This is a pretty sad commentary for a minister of the crown to be making about the structure of the government. Perhaps one could accept it if it had been said half heartedly or jokingly, but it was said in a very serious way. This statement was contained in a speech by the Minister of Agriculture to the 63rd convention of the Saskatchewan Association of Rural Municipalities held in the Hotel Saskatchewan on Wednesday, March 13, 1968 in Regina, Saskatchewan. The copy of the speech which I have here emanates from the office of the Minister of Agriculture.

If what the Minister of Agriculture said is correct, namely that there are departments with obsolete and obsolescent functions, that there is underproductivity, and that new departments are recruiting additional personnel, resulting in a lot of additional fat, I would suggest that the Minister of Consumer and Corporate Affairs should direct his attention toward greater efficiency in the government. He should try to protect the consumers' interest in that regard as well as protect their interests in the market place. He should not wait until the time in April when he will have a chance to become the prime minister, but he should have an immediate conference with the Prime Minister—even though the latter will be retiring in a couple of weeks—and the other members of the cabinet to consider the degree to which the taxpayers' money is being squandered within departments which have obsolete and obsolescent functions, and which are recruiting additional personnel, the result of which is a great deal of fat.

May I call it five o'clock, Mr. Chairman?

Mr. Turner: Mr. Chairman, may I rise on a point of order. I wonder whether it is the mood of the committee to try to finish these estimates today.

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Howard: Mr. Chairman, I know that certain members have made arrangements on the understanding there would be a private

members hour. We cannot pass these estimates today, but I would suggest that matters such as this should be considered some time early in the afternoon and a discussion held among different parties. If this were done it would be much easier to reach an understanding.

The Assistant Deputy Chairman: Is it the desire of the committee to continue the consideration of the estimates?

Some hon. Members: No.

The Assistant Deputy Chairman: Shall vote 1c carry?

Mr. Howard: I called it five o'clock, Mr. Chairman.

The Assistant Deputy Chairman: It being five o'clock, shall I rise, report the resolutions adopted and ask leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

• (5:00 p.m.)

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate do unite with the House of Commons in the appointment of a joint committee to examine the progress of programs of the National Capital Commission in the development, conservation and improvement of the national capital region.

It being five o'clock, the house will now proceed to the consideration of private members business as listed on today's order paper, namely public bills and private bills.

BUSINESS OF THE HOUSE

Mr. Pennell: Mr. Speaker, perhaps I might be permitted to interrupt at this moment. It might be helpful to the house if I put on the record the business proposed for Monday next. It is proposed that we continue consideration of the supplementary estimates by calling the Department of External Affairs. I am advised there has been general agreement that this department should be called. It would be followed then by the Department of Consumer and Corporate Affairs; then, the Department of Defence Production and the Department of Industry. If we are fortunate enough to dispose of these three departments, I would then call the Department of Energy, Mines and Resources.

Mr. Knowles: May I ask the house leader if the government, in planning the business for next week, will take into consideration the desirability of dealing with orders Nos. 51 and 60. They are Bill No. C-190, to amend the Patent Act and Trade Marks Act, and Bill No. S-22, having to do with the Food and Drugs Act and hazardous substances. The government knows that we would be prepared to see both of these passed through their remaining stages with little or no debate.

Mr. Pennell: I will consult the government house leader and he will probably consult the other house leaders.

COMBINES INVESTIGATION ACT

AMENDMENT TO INCREASE PENALTIES FOR VIOLATIONS

Mr. David Orlikow (Winnipeg North) moved second reading of Bill No. C-27, to amend the Combines Investigation Act (floor penalties, criminal joint tortfeasors, and moieties).

He said: The purpose of this bill, Mr. Speaker, which I am moving, is to strengthen the penalties for crimes committed in violation of the combines and monopoly laws. This bill, if approved, would not interfere with the penalty now provided under the law for a first offence, but would provide that on conviction for a second offence there shall be a mandatory minimum jail term of one year and for third or subsequent offences a mandatory minimum jail term of two years. The bill also makes clear that directors and officers of the companies involved in violations of our combines laws shall be held responsible for the acts of those corporations.

I bring forward this bill for two reasons. First of all, I am one of those who believe the laws of Canada should be applied to all Canadians with equal force and equal regard, whether those citizens be rich or poor, whether they break the anti-combines laws or are guilty of theft or being drunk and disorderly. These laws should be applied with equal force to Canadian citizens who can afford to have eminent counsel represent them, and to those poor souls who appear before magistrates without counsel every day of the week in the major cities of Canada, as well as the

smaller cities, and who get little in the way of representation. If one picks up a newspaper in any city in Canada he can read about some poor citizen, guilty of a minor theft in some supermarket or some department store, being given six months or two months in jail. It is not uncommon, Mr. Speaker, to read of some poor citizen who has taken a little too much drink on a week end, who has created a disturbance and been convicted of being drunk and disorderly. He has been sentenced to a week or two, or perhaps a month, in one of our jails. In my own province of Manitoba this happens with some frequency, particularly for Manitoba citizens who are of Indian or Metis origin.

However, despite the fact that in this country we have had legislation prohibiting combines for more than 50 years, combines which are designed to overcharge the public for goods purchased by the public, no single person has been convicted and sent to prison. This has happened, despite the fact that some of the most respected, some of the largest corporations in Canada in various fields have been found guilty of violations of the anti-combines legislation of this country, not once or twice but three times. I will come back to that in a few moments. The fact is that the anti-combines legislation of this country is not doing the job it was designed to do. This has been accepted by many people, by economists who have studied the origin of this legislation, by members of parliament who have spoken about it and even members of the government who have on occasion referred to the inadequacies of the law.

Back in 1964, Mr. Speaker, the then minister of justice, who at that time was responsible for the administration of these laws, the late Mr. Favreau, made a speech on October 2 at Montebello in which he voiced his concern about the inadequacy of the law, and in which he said:

> It would seem that a new and hard look could be given at the present state of our legislation in this domain and that, without repealing the present law, we may want to seriously inquire how far and to what extent additional provisions could be enacted under the federal jurisdiction to regulate trade and commerce. In certain circumstances, it would seem to me appropriate to find ways and means to curb certain practices which it is in the public interest to prevent, but to do so otherwise than by prosecution before the criminal courts. And, even in the context of a statute which is in the nature of criminal legislation, it is very much in my mind that it should be possible to develop and use on a broader basis proceedings not necessarily linked with criminal charges such as for instance, substantive injunctions, either to prevent incipient offences or to prohibit the repetition of past practices—

[Mr. Orlikow.]

Well, Mr. Speaker, I think the late minister was aware, and I am sure the officials in his department were aware, of the complete inadequacy of the present law to control and prevent combines, which have mulcted from the Canadian public tens of millions of dollars. I am not one of those who believe in harsh penalties and I have spoken on a number of occasions about this matter, I have usually, if not always, urged a more humane approach, more probation, less jail, and so on.

• (5:10 p.m.)

In the field of combines legislation the record is clear. Our law courts have been lenient. They have not taken the law seriously. The law provides that where companies or individuals are guilty of conspiring one with the other in the creation of combines, they shall be fined or sent to jail. So far no one has served one day in jail after being convicted under this law. Had the government brought forward in the form of legislation some of the ideas of the late Mr. Favreau, whose 1964 speech I have just been reading from, the proposal I am making today would not be necessary.

Victims of price fixing combines in the United States can, after proving that a conspiracy to fix prices exists, sue for and collect damages from firms which have overcharged them. Customers of the General Electric Company were able to collect more than $160 million in damages after that company had been convicted under United States combines legislation.

Such things do not happen in Canada. When firms are convicted of keeping prices artificially high by combining with others, they are charged a minimal amount, and that is the end of it. As I have said, and as I repeat now, parliament has passed laws to control combines. Yet, after an investigation has been launched and after it has resulted in a prosecution before the courts, and a conviction, we find courts have imposed small fines of $2,000, $5,000, and recently $10,000. In the last couple of years we have had a couple of $25,000 fines. Actually by imposing such small fines the courts are giving combines cheap licences to steal from the public.

Despite 50 years of legislation on the subject, combines are not ending, but increasing.

For example the royal commission appointed by the three prairie provinces and headed by a former Liberal member of the Saskatchewan legislature, Judge Mary Batten, investigated the activities of Canada Safeway and Weston stores on the prairies. In her report she says:

> Excessive building of stores has led to underutilization of stores, unnecessarily raising the costs of retailing groceries.
>
> The position and power of the chains has led to and required the use of self-cancelling and costly advertising campaigns.

Essentially, a combine exists in the field of grocery merchandising in western Canada, which has cost the people of western Canada a substantial amount of money. I shall quote one more sentence from the report:

> Taken together, excess profits and costly excess capacity reduced consumer well-being by $61.28 per family of four in 1966.

That is an extremely large loss, the commissioner says, and I agree with her.

Hardly a month passes without Winnipeg city council reporting instances where they have called for tenders on various items, only to have various firms submit identical tenders. That that has happened proves, to my way of thinking, that combines exist. I know that the department thinks that identical tenders do not prove a combine, but I submit that they lead to an almost irresistible conclusion that combines exist. Winnipeg city council wrote to me in August of 1966 and said that they had asked for three tenders for street lighting equipment known as vapour luminaires. Canadian General Electric, Northern Electric and Canadian Westinghouse submitted identical prices of $80.75 per unit. That I suggest is strong evidence of a combine.

In October, 1966, Winnipeg city council asked for tenders for rock salt, to be used on the streets during the winter months. Domtar Chemicals Limited and the Canadian Salt Company Limited both submitted tenders of $18.40 per ton. That I suggest was not an accident.

In September, 1967, the city of Winnipeg again called for tenders for street lighting luminaires. Tenders were obtained from Canadian General Electric, Northern Electric, Electric Power Accessories and C.L.M. Industries for 89.77 per fixture. These firms are so in tune that they can quote to within the cent—they are not out one penny. That again was not an accident, and that again I suggest proves collusion.

The government ought to act. As I said earlier, I want to send no one to prison, yet something must be done to stop combining. Some companies have been convicted several times and have paid only nominal fines. Among those convicted one sees the biggest and most respected companies in this country. Abitibi Paper Company, which was convicted in 1960 and again in 1961, paid a fine of $15,000 both times. In 1960, when they were fined $15,000, their net profit was in the neighborhood of $15.5 million. In 1962, when they were convicted again, the net profit was similar. The St. Lawrence Corporation was fined $3,000 in 1958 and $20,000 in 1960. In 1959, the company's profit was over $6 million and in 1960 it was over $7 million. The Anglo-Canadian Pulp and Paper Mill was fined $3,000 in 1958 and $20,000 in 1960. It made a profit of more than $4½ million in each of those years.

• (5:20 p.m.)

Mr. Speaker, a corporation does not decide to join with its ostensible competitors to raise prices and mulct the public by accident. People are involved in these decisions—directors and officers of the company. If I were to put on record the names of the directors of these companies and of some of the other companies it would be a Who's Who of Canadian business. Some of the most prominent members of the Rideau Club, across the street from this chamber, are among the officers of these companies. Some of the members of the Manitoba Club, the most prominent club in the city of Winnipeg are similarly placed. These are the leaders of industry and commerce. I submit they have set the ordinary citizens of Canada a very poor example by ignoring, evading and flouting the law.

I hope ordinary citizens do not follow the example set by these respectable and eminent gentlemen. I realize that what I am proposing is a tough way to try to deal with combines. I wish there were better ways. In fact I know there are better ways, but I have been waiting ever since 1962 when I came to this house for a government to recognize what has long been evident, namely that the anti-combines legislation is a farce and a failure, and bring in new legislation which would give force to a basic principle we all accept, namely that combines which raise prices to the consumers of Canada must be held in check.

Combines Investigation Act

Mr. H. E. Stafford (Elgin): Mr. Speaker, if our present law dealing with offences under the Combines Investigation Act is inadequate, it is my submission that the proposed amendments contained in Bill C-27 will only add to those inadequacies. After listening to the hon. member for Winnipeg North (Mr. Orlikow) I am certain that his proposals would only make matters worse.

The law as it stands does not say that those who violate the Combines Investigation Act shall be subject to a fine. It does not give one a licence to break the law, as it were. Under the present act the court may impose a sentence of up to two years imprisonment for a first or subsequent offence.

Mr. Orlikow: Have the courts ever done so?

Mr. Stafford: I say it is open to the courts to impose a sentence of up to two years imprisonment. It is left for the judges to decide, and I for one, having had experience in the courts of this province as well as in the courts of at least one other province, feel our judges are just as likely to give good decisions under the combines legislation as they are under any other of our statutes.

The bill before us would replace subsection (3) of section 31, making it mandatory to—

—punish a person who disobeys such prohibition or direction a second time by imprisonment for a term of not less than one year and, upon the third or subsequent such disobedience, by imprisonment for a term not less than two years.

To the penalty provisions in sections 32, 33 and 34 of the act, the hon. member would add:

—and upon a second offence to imprisonment for not less than one year and, upon a third or subsequent offence, to imprisonment for not less than two years.

In other words, clauses 1 to 6 of the bill provide for mandatory minimum terms of imprisonment of one year for a second offence and of two years for a third or subsequent offence.

Few sections of our Criminal Code make such sentences mandatory. There are some, for offences such as theft from the mails. But there are reasons for laying down minimum sentences in such cases. Under the Combines Investigation Act these reasons do not exist. I feel the judge trying the case is in the best position to judge what sentence should be awarded, according to the merits of each case.

[Mr. Orlikow.]

There are many reasons for believing that the amendments put forward in this bill will not work. For example, charges are usually laid against corporations—and corporations cannot be imprisoned. The provisions of Bill C-27 would have no effect on the corporations themselves. Moreover officials change, and those concerned in a second offence might well have had no connection whatever with a previous offence. And if the directors or officials of a corporation had changed a judge would hardly be able to sentence them at the time of a second offence, as outlined by the hon. member for Winnipeg North.

Then again, an offence by a company which had previously been convicted might involve an entirely different product line, and a court might not consider that an offence involving a different product line from that of the first offence did, in fact, amount to a second offence. It can easily be seen that many difficulties would arise and that the law might be much worse if these amendments were agreed to.

I take it we are assuming here that officials in these cases are to be charged, in addition to the corporations. Usually, as I say, it is the corporation which is charged, and before charges are laid the Minister of Justice or counsel approved by him recommends that certain actions be taken. In most cases it is the corporation which is the beneficiary of offences that take place and, as a result, if a prosecution is to be successful it might well be necessary to get evidence from directors or officials of the corporation. I am certain any crown attorney would be in a difficult position if he charged a director or an officer of a corporation, and then lost his case against both the director and the company. Remember that under the laws of this land one cannot force an individual to give evidence against himself.

• (5:30 p.m.)

For example, Mr. Speaker, a prohibition order applies to a corporation and to all persons occupying positions in the corporation at the time of conviction. Positions in these corporations do change. The order does not apply to new officers. So here again is a specific reason why the amendments proposed by my hon. friend from Winnipeg North do not satisfy the very aims for which Bill No. C-27 was designed.

In the year 1960 the anti-trust provisions of the Criminal Code were consolidated into the

Combines Investigation Act. Therefore, all of the anti-combines legislation is now to be found in that act. Of course, Mr. Speaker, the onus is on the crown to prove the offence beyond any reasonable doubt. This onus, like any other criminal onus, naturally lies upon the crown attorney; and the burden lies on the crown throughout the trial. The accused corporation or officer must be proved guilty beyond any reasonable doubt, and is innocent until such guilt is proved.

Anti-combines legislation falls entirely within the scope of our criminal law. Under section 91A of the British North America Act power is conferred upon the parliament of Canada to enact laws in relation to criminal acts. Any departure from the purely criminal nature of the legislation would undoubtedly be held *ultra vires*.

Clause 7 of this bill, Mr. Speaker, is a provision for double damages on conviction and is intended to avoid infringement of provincial legislation. The clause does not confer any civil right of action for a breach of such right. In a Supreme Court of Canada case, *Direct Lumber Company Limited v. Western Plywood Company Limited*, which is reported in 1962, Supreme Court Reports at page 646, it was held that the then Criminal Code section 411(1)(c) relating to conspiracy in restraint of trade, and section 412(1)(a) and section 412(2) relating to price discrimination, give no cause of action in damages to a person alleging a breach of these sections by another.

Presumably, Mr. Speaker, the same holds true for the successor provisions of the code, sections 32(1)(b) and section 33A(1)(a) and subsection (2) respectively, and the other paragraphs of these provisions of the Combines Investigation Act. There may, however, be a right of action for common law conspiracy and also a right of action in Quebec under the civil law; but these points were not dealt with by the court.

The analogy to section 159 of the Excise Act—not section 158 as stated in the explanatory notes—is not an apt one. Section 159 refers to recovering double the amount of the excise duty and licence fee which should have been paid, a definite and readily ascertainable amount. In the present state of the law, therefore, the practicability of the clause proposed in the bill is open to question.

For example, Mr. Speaker, 150 or 200 years ago, in the days of the common informer, the solicitor general and the informant would split the fine. This is alien to the provisions of our present criminal law; and it is alien to our whole system of justice. The penalty emanating from our criminal law is based on a civil action, which seems highly irregular.

If I may return to clause 7, I noticed an old act to be found in the Revised Statutes of Ontario, 1960, volume 5, which first appeared in the Revised Statutes of Ontario, 1897, concerning monopolies and the dispensation of penal laws. According to section 4 of this act, which is the penalty section, a person may recover three times as much as the damages he sustained. Personally I have never known the provisions of this act to be invoked or heard of any charges being laid under the act; but perhaps the hon. member for Winnipeg North would like to scrutinize its provisions. Possibly it would satisfy his purpose as well as that of the amendment he has in mind.

The last clause of this particular bill, clause 8, deals with the personal liability of corporation officers and agents. It reads as follows:

> Where a corporation commits an act contrary to a provision of this act or fails or neglects to comply with any such provision or a prohibition or direction made thereunder, every one who, being a director, manager, or officer of such corporation, or acting on its behalf, authorizes, orders, does, fails or neglects to do, assents to or acquiesces in such act, failure or neglect, or any element of such act, failure or neglect, is guilty of that offence personally and jointly with the corporation.

As the explanatory note states, Mr. Speaker, the principle of this provision is already contained in section 38(e)—this should be section 38(3)—which applies to refusal to permit entry of premises and examination of documents, and failure to file returns of information. This section was first enacted as part of section 22(1) of the combines and fair prices act of 1919. In similar form it has been included in the present Combines Investigation Act since 1923. There does not appear to have been any debate whatever on the provision, and therefore there is no indication why it was made applicable to the two foregoing provisions only, and not to others of a similar nature, such as failure to make and submit affidavits when required.

Since a corporation can act only through its directors, officers and officials there might be some doubt as to whether an officer could be prosecuted personally for an offence committed by the corporation, if it were not for section 21 of the Criminal Code concerning aiding and abetting. In view of this section,

Mr. Speaker, there seems to be no doubt that a prosecution would lie against an officer who participated in an offence by the corporation; and even in the absence of such a section there would seem to be no doubt that he could be prosecuted for conspiracy.

A number of acts, such as the Bankruptcy Act, contain a provision to the effect that where an offence against an act has been committed by a corporation every officer, director or agent of the corporation who directed, authorized, condoned or participated in the commission of the offence is liable as if he had personally committed the offence. The Bankruptcy Act, section 162, is the relevant provision. In view of section 21 of the Criminal Code, such provision would appear to be redundant.

• (5:40 p.m.)

The necessity for such a provision therefore would seem to be highly questionable. The fact is that such a provision, applicable to certain enforcement provisions, has been in the act so long that it is difficult to take too firm a position. My submission is that when the hon. member for Winnipeg North (Mr. Orlikow) sets out the many different exemptions which he feels should be offences he is misconstruing the whole reason for this act. I feel there is absolutely no reason to think that the judges of our nation cannot handle these cases, like any other case. I see no reason why any clause in Bill No. C-27 should be incorporated as an amendment to the Combines Investigation Act of this country. There seems to be little reason why Bill C-27 should become law. This bill violates the whole philosophy of the anti-combines legislation in this country. The late Chief Justice Duff summed up the philosophy of the combines legislation as follows:

> The enactment before us I have no doubt was passed for the protection of the specific public interest in free competition... This protection is afforded by stamping with illegality agreements which, when carried into effect, prevent or lessen competition unduly and making such agreements punishable offences, and, as the enactment is aimed at protecting the public interest in free competition, it is from that point of view that the question must be considered whether or not the prevention or lessening agreed upon will be undue.

[*Translation*]

Mr. Georges-C. Lachance (Lafontaine): Mr. Speaker, the main purpose of the bill introduced by the hon. member for Winnipeg North (Mr. Orlikow) during the present session and in previous ones, is to provide for more severe penalties in the legislation concerning combines and monopolies, by imposing a minimum of one year of imprisonment for the first repetition of an offence, and a minimum of two years for further offences.

After listening to the hon. member for Winnipeg North, who is reputedly a quiet man, one would be inclined to think that businessmen and industrialists, in short, all those who constitute a very important part of our society, are potential criminals, and that they should be dealt with very severely, because the companies they manage break the laws relating to combines and monopolies.

I doubt that that is what the hon. member for Winnipeg North has in mind, in introducing this bill. But I wonder if he would still be of the same opinion if a bill were to be introduced today whereby workers or union leaders, in a labour union conflict, at the first repetition of an offence, were of necessity to be imprisoned because they had participated in a fight or had neglected—this applies especially to union leaders—to abide by the decision of an arbitration or labour relations board. I believe the hon. member for Winnipeg North would rise immediately against such a punishment; he would shake his first and say that parliament arrogates to itself the right to punish the worker too severely; and I should agree with him wholeheartedly.

More and more, we are moving away from minimum penalties, and ever fewer minimum obligations are imposed upon the intelligence of our judges and presiding court officers, so that our courts might have more latitude in imposing sentences. That is in line with the new justice policy and I believe in it, because human justice is increasingly moving away from the punitive aspect.

[*English*]

Mr. Orlikow: Essentially for the rich.

[*Translation*]

Mr. Lachance: I do not think, Mr. Speaker, as mentioned a moment ago by the hon. member for Winnipeg North, that the legislator protects the rich at the expense of the poor.

• (5:50 p.m.)

Mr. Speaker, as I was saying, human justice gets farther and farther away from sentences involving imprisonment penalties. We give less importance to the punitive aspect of a sentence to consider its educational value.

I think that the hon. member for Winnipeg North Centre may not have understood me quite well or did not perhaps understand my

point when he claimed that human justice protected the rich rather than the poor.

Mr. Speaker, there is no doubt that minimum penalties restrict the freedom needed by judges and presiding court officers.

I take advantage of the fact that this bill refers to minimum jail terms of one year and two years to say again what I have said in the past to the effect that we must make an effort to improve our penitentiary system and to emphasize, in particular, the rehabilitation of prisoners.

At the risk of being called to order, Mr. Speaker, as we are speaking of prison and imprisonment, I think that further efforts should be made to set up an automatic remission system, and open the doors of the public service to those who, after leaving the penitentiary, show goodwill and deserve encouragement.

That the fines should be higher, Mr. Speaker, I am for it. I often noticed that in the case of actions taken under the combines monopolies legislation, fines were not high enough. When companies have a gross yearly production amounting to millions of dollars—as high as $50 million often—I am always surprised to notice that fines are sometimes only $1,000, $5,000 or $10,000. I agree with the hon. member for Winnipeg North Centre when he says that the fines are not in proportion to the offence committed.

However, I do not agree with him when he says that, at the first relapse, the directors of the companies should be sentenced to prison because, naturally, corporations cannot be sent to prison.

I would agree, however, that in addition to higher fines, an agency should be created in order to keep an eye on corporations which have been prosecuted and found guilty. It would evidently be a government agency and I think that it would be in order if it would come under the jurisdiction of the department dealing with combines and monopolies.

As soon as some individuals or the directors of a company would have been found guilty, they would be subject to a control, at their own expense, during a specific period from six months to a year, according to circumstances, or even more if necessary. At any rate, that period of time would be determined by the court or by the director of the combines and monopolies board. I feel that we could thus avoid relapses and that the public would be protected a lot better.

I know, Mr. Speaker, that other hon. members want to say a few words on this question. Therefore, I shall say no more, but I think I must add that it might be a good thing to publish in the *Canada Gazette* the names of the companies that have been found guilty. Then, these people would have to think twice, and if they repeated the offence two or three times, the government would be in a position, when they applied for a new charter, to make investigations and turn them down.

This concludes the few remarks I wanted to make, Mr. Speaker. I know that other hon. members want to take part in the debate, but before sitting down, I must say that I am not against the principle of increasing fines, but I am against a prison sentence on first repetition of the offence.

[*English*]

Mr. Ian Wahn (St. Paul's): Mr. Speaker, in the few minutes left I should like to say how pleased we are on this side of the house that the hon. member for Winnipeg North (Mr. Orlikow), speaking we trust on behalf of his party, introduced legislation which apparently is designed or is intended to increase free competition in this country. All of us on this side of the house certainly think that is a highly laudable purpose, although we are a little surprised to see the hon. member for Winnipeg North taking this particular method of achieving that purpose.

Recent economic council reports, and the more recent Watkins report, indicate how important effective competition is in achieving our basic economic objectives, which are of course the achievement of a high rate of economic growth, full employment and price stability. The Watkins report and the recent reports of the economic council also indicate that, in spite of the combines legislation which has been on our books now for many years, and in spite of the careful enforcement of that legislation by able officials, effective competition has not yet been achieved through this criminal legislation.

Basically I think the history of the legislation indicates quite clearly that effective competition cannot be achieved by criminal legislation. That is the basic problem in trying to modify the Combines Investigation Act to force businessmen to compete. For this reason the question of achieving effective competition, and the provisions of the combines act, have been referred to the economic council for consideration. Certainly the imposition of mandatory prison terms upon individuals will not have the desired effect. This is particularly true because the proposed amendment

embodied in Bill No. C-27 is directed only at increasing the punishment imposed on individuals, and does not refer at all to corporations, which are the chief beneficiaries of restrictions upon competition.

May I call it six o'clock?

Mr. Speaker: Order. The hour appointed for consideration of private members business has now expired.

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

[The following items were passed in Committee of Supply this day:]

SECRETARY OF STATE

2c.

NATIONAL GALLERY OF CANADA

1c.

PUBLIC SERVICE COMMISSION

5c.

NATIONAL FILM BOARD

1c, L75c.

APPENDIX

PROGRESS REPORT ON FEDERAL GOVERNMENT PROGRAM FOR DEVELOPMENT OF BILINGUALISM

March, 1968.

The report which follows is a summary of the progress being made in the development of bilingualism in the public service of Canada, and on the steps being taken by the government toward implementation of the report of the royal commission on bilingualism and biculturalism.

The policy and program of the government on the subject of bilingualism have been developing progressively for a number of years. In 1963, at about the same time as the royal commission on this subject was established, an interdepartmental committee of senior officials was also formed with the responsibility of proposing measures to promote the development of bilingualism in the public service.

On April 6th, 1966, the Prime Minister announced the federal government's policy in this regard in a statement in the House of Commons. In this statement he announced that "The government hopes and expects that, within a reasonable period of years, a state of affairs in the public service will be reached whereby communications with the public will normally be in either official language having regard to the person being served; and a climate will be created in which public servants from both language groups will work together toward common goals, using their own language and applying their respective cultural values, but each fully understanding and appreciating those of the other".

It was emphasized that bilingualism would be introduced gradually over a period of years in a manner that will not lead to injustice or misunderstanding.

At the same time the Prime Minister announced a number of specific programs in this field. Without going into detail it might be mentioned that the first public service language school opened in February 1964 with 42 students and 4 language teachers; now over 5,000 public servants are engaged in second language training, and the service has over 200 teachers.

Second, the intention was stated to accelerate the recruitment of promising candidates who are proficient in both languages. This acceleration has taken place both at the university graduate level and also as applied to persons with some years of experience. This is reflected in the fact that, whereas in 1965 only 13.3 per cent of the university graduates recruited in the administrative and foreign service careers were French speaking, in 1967 on the other hand 270 out of 860 or 34.8 per cent had French as their mother tongue.

Third, it was announced that, beginning in 1967, reasonable proficiency in the two official languages or willingness to acquire it within a prescribed period of time would become an element of merit in the selection of university graduates recruited for administrative trainee positions where the need for bilingualism exists. This procedure is in effect.

Fourth, the government inaugurated the bicultural development program, under which 20 English speaking civil servants from the most senior categories are selected each year to spend a twelve month period with their families, in Quebec city, while 10 French speaking civil servants and their families spend a similar period in Toronto, to study the other official language and gain an understanding of the cultural values of the group they are visiting. This program enjoys the full support of the Universities of Laval, Toronto and York. In 1966-67, because of the shortness of time available for making arrangements, 8 officials and their families went to Quebec and one to Toronto. In 1967-68 a full quota of 20 officials and their families are in Quebec and 10 in Toronto for the current program. Among this year's group are the secretary to the cabinet, the president of Defence Construction Limited and other very senior officials.

It is easy to imagine the importance to the public service—its character and its functioning—of the introduction at the most senior levels over the next few years of approximately one hundred and fifty bilingual officials well acquainted with the culture of the two main linguistic groups. And it is just as easy for anyone who has lived in, or even only visited, the city of Ottawa to visualize the contribution that will be made by these

one hundred and fifty families to changing the capital of the country into a city which truly reflects the bilingual and bicultural character of confederation.

The fifth of the programs relates to the introduction of a higher rate of pay in respect of those clerical and secretarial positions where there is a requirement for a knowledge of both languages and where both are actually used. A salary differential of 7 per cent for secretaries, stenographers and typists in this category was introduced effective 1 October, 1966. The Public Service Commission is also analyzing its possible application to certain clerical grades. It will be appreciated that these grades are of much greater diversity and complexity. When this study has been completed the government will consider ways and means of applying this policy to the clerical positions affected.

This policy of special payment for special language qualification in positions where this is desirable will of course be implemented in a way which will be fair to those who do not have such skills.

Sixth, the special secretariat on bilingualism has been in full operation during the past year. It works in close consultation with the Public Service Commission, the Treasury Board staff and all deputy ministers and heads of agencies in promoting the coordinated and progressive implementation of the government's policy and program regarding bilingualism in the public service. A number of interdepartmental committees have been established to pursue particular aspects of the question of bilingualism. In each department or agency an official has been designated as responsible for the bilingualism program in that organization, and a fulltime adviser on bilingualism has been appointed in a number of cases.

On December 5, 1967 the government received the report of the royal commission on bilingualism and biculturalism. This report deals with the status of the two languages, not only within the public service, but also generally in Canada. It contains 14 recommendations, some relating to the federal jurisdiction, others to provincial jurisdictions, several involving both federal and provincial jurisdictions and two concerning constitutional change.

The report accepts as a guiding principle "the recognition of both official languages, in law and in practice, wherever the minority is numerous enough to be viable as a group". The federal government fully accepts this principle. This does not mean of course that the government will expect or require Canadians generally to become bilingual—the principle relates, not to any presumed obligation to learn the other language, however commendable that might be in terms of general education, but to the right of a citizen of either language to deal with public authorities in that language and to be understood. The goal is to reconcile a maximum of justice for official language minorities with a minimum of obligation for the official language majorities.

At the recent constitutional conference held from February 5 to 7, the implementation of the royal commission's report was one of the principal subjects of discussion. In the federal government's statement of policy announced at that time it was stated that

> "the government of Canada for its part proposes to recommend to parliament, at its next session, an official languages bill that will formally declare English and French to be "the official languages of the parliament of Canada, of the federal courts, of the federal government, and of the federal administration". We also propose to appoint under the authority of that act "a commissioner of official languages charged with ensuring respect for the status of French and English in Canada."

To this end a plan of action is now being prepared to bring into full realization the objectives which have been set by the royal commission for the government of Canada, objectives which the government welcomes and accepts.

With regard to those recommendations depending upon action by the provincial governments, the government has also announced that "if they do accept them, as we hope they will, the government of Canada will be prepared to help in the implementation of these proposals if we are asked to do so. We will be glad to join with provincial governments in devising the methods by which our assistance could be made most effective."

It will be recalled that, following a very full discussion of the matter, the constitutional conference recorded the consensus reached on language rights. This important statement, which carried the unanimous support of the leaders of the ten provinces as well as the federal government, covered three cardinal points:

"1. Recognition by this conference that, as proposed by the royal commission on

bilingualism and biculturalism and as a matter of equity, French speaking Canadians outside of Quebec should have the same rights as English speaking Canadians in Quebec.

2. Recognition, as the royal commission on bilingualism and biculturalism has recommended, of the desirability of proceeding by governmental action as speedily as possible, in ways most appropriate in each province and without dimishing existing rights, recognized by law or usage.

3. Establishment of a special committee to examine the report of the royal commission on bilingualism and biculturalism and the views expressed at this conference on the report, and on other matters relating to language rights and their effective provision in practice, and to consult on methods of implementation, including the nature of possible federal assistance, and on the form and the method of constitutional amendment."

The federal government is proceeding with its plans for the implementation of the report. A group of federal officials are studying in detail the steps that would be involved, and the nature of the provisions that would be required in an official languages bill. It is planned to have such a bill ready for introduction early in the next session of parliament.

The federal government's program on bilingualism will be designed to ensure equality of the two languages with respect to the federal parliament; the Supreme Court of Canada and all courts established by parliament; federal statutes, important regulations and documents of general interest; the armed forces; embassies and offices of federal departments and agencies abroad; international agreements and agreements with the provinces; the federal administration in Ottawa; and in appropriate offices of departments and crown corporations across the country, particularly immigration and customs offices at all ports, and important transportation terminals.

These extensive changes will not occur spontaneously or instantly upon the passing of a statute: they will involve a complicated process of "tooling up" that will inevitably take some time to complete. The government, however, is determined to proceed as quickly as possible with the full implementation of these measures.

Mention should also be made of one further recommendation of the royal commission, which proposes that the two languages should have full equality of status throughout the capital area of Canada, and "that the two provincial governments concerned and the federal government should discuss and negotiate the necessary measures". The federal government strongly endorses this recommendation, and indeed a preparatory committee on the capital region of Canada, comprising officials of the three governments, had been established prior to the constitutional conference. The members of that conference noted that this tripartite study was under way, and recorded their unanimous concurrence. Since the conference, the preparatory committee has held a further all-day meeting to discuss the nature of possible joint arrangements for the further development of the capital region and encouraging progress is being made.

All of the measures in volume I of the royal commission's report are concerned with the status of English and French as official languages. This is only one out of several aspects of the questions of bilingualism and biculturalism. The royal commission will be submitting additional reports on other aspects in the months ahead, and will doubtless offer further recommendations that may be at least as significant as the present group of proposals.

Be that as it may, the current proposals of the commission are of very great importance. The commission describes them as comprising "a charter founded upon the concept of equal partnership". Some of them are complex and will take some time to work out fully. However, the federal government is anxious to give effect as rapidly as possible to those measures that lie wholly or partly within federal jurisdiction. It will welcome similar action by the provinces in their field and will be happy to discuss ways in which it may assist provinces in achieving the full accomplishment of the commission's recommendations.

HOUSE OF COMMONS

Monday, March 18, 1968

The house met at 2.30 p.m.

FINANCE

REPORT ON WEEK END INTERNATIONAL DEVELOPMENTS

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, it might assist the house if I were to report briefly on week end developments involving international financial arrangements.

The house will, I am sure, welcome the decisions announced yesterday in Washington by the governors of the central banks contributing to the gold pool. The governors supported the policy of the United States government in continuing to buy and sell gold at the existing price of $35 an ounce in transactions with monetary authorities. They expressed the belief that henceforth officially held gold should be used only to effect transfers among monetary authorities, and therefore they decided no longer to supply gold to the London market or any other gold market. They stated that as the existing stock of monetary gold is sufficient in view of the prospective establishment of the facility for special drawing rights, they no longer feel it necessary to buy gold from the market. They agreed that henceforth they will not sell gold to monetary authorities to replace gold sold in private markets.

The governors of the central banks contributing to the gold pool invited the co-operation by other central banks in the policies they had agreed on. The governor of the Bank of Canada has promised his co-operation, and I have assured him of the support of the government in this regard.

Further to strengthen the international monetary system, the federal reserve board of the United States announced yesterday an increase of U.S. $2,275 million in its "swap network" with other central banks and the Bank for International Settlements. The governor of the Bank of Canada announced that as part of this arrangement the reciprocal credit facility between the Bank of Canada and the federal reserve system has been increased from U.S. $750 million to U.S. $1,000 million.

27053—486

With the leave of the house I wish to table two press releases I issued last night, and one issued last night by the governor of the Bank of Canada, as well as the communiqué of the gold pool issued in Washington, to which they refer.

Mr. Speaker: Order. Does the minister have leave to table these documents?

Some hon. Members: Agreed.

Mr. Lewis: Print them in *Hansard.*

Mr. Sharp: Mr. Speaker, it has been suggested that these releases might be printed in *Hansard,* and this might be convenient to the house.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

[*Editor's Note: For texts of documents referred to above, see appendix.*]

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I know we are all pleased with the progress that was made over the week end by the various central banks meeting in Washington with regard to quietening down the international monetary crisis, and it is most interesting to hear the report of the Minister of Finance with regard to the measures that have been taken.

However, I think it is very clear from what the Minister of Finance has said, and from what has been stated publicly, that the measures so far taken, that is with respect to the problem of gold, will not of themselves supply the degree of international liquidity required to support the growing volume of international trade, and these measures must be followed by other measures such as increased drawing rights from the I.M.F. or something of that sort.

I hope the countries of the world, the Minister of Finance and the governor of the central bank will put to good use the time available to them, and I simply express the hope that the government of Canada will give every possible support to measures being considered for a further increase in international liquidity.

Report on International Developments

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am sure all of us felt a certain relief that some at least temporary measure had been evolved. I stress the word temporary because I see, as I am sure a great many other people can see, some difficulties in maintaining the two price system as a permanent feature in the international monetary system.

• (2:40 p.m.)

However, it has bought time and I would hope the world monetary authorities will press forward with plans and proposals for the establishment of a new unit of international exchange which will once and for all relieve us of the incubus of gold that has been rather strangling the world for some centuries now.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, we would like to add our satisfaction over the fact that at least for the time being the price of gold has been steadied. I should hope the Minister of Finance would regard this as a temporary measure in the realization that there can be no relief to the problems of international liquidity or stability in so far as international settlements are concerned until some new approach can be initiated more in line with the need to meet world trading pressures. I would hope that in the next few months, which I believe is all the time that can normally be expected, some new base of international settlement can be arrived at.

INDUSTRY

TABLING OF LETTER TO N.S. PREMIER RESPECTING STEEL INDUSTRY

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to table a communication addressed to the premier of Nova Scotia dated March 8 in respect of the steel industry in Cape Breton.

Mr. Speaker: Has the right hon. Prime Minister leave to table this document?

Some hon. Members: Agreed.

TELEVISION

QUEBEC—TABLING OF COMMUNICATION RESPECTING EDUCATIONAL BROADCASTING

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should also like to table a communication addressed to the premier of Quebec with regard to educational broadcasting.

[Mr. Stanfield.]

Mr. Speaker: Has the right hon. Prime Minister leave to table this document?

Some hon. Members: Agreed.

CRIMINAL CODE

PROPOSED AMENDMENT TO ABOLISH CORPORAL PUNISHMENT

Mr. David MacDonald (Prince) moved for leave to introduce Bill No. C-210, to amend the Criminal Code (abolishment of corporal punishment).

He said: Mr. Speaker, the purpose of this bill is to abolish the punishment of whipping at present provided for in the Criminal Code. The infliction of corporal punishment is without a doubt a relic of the dark ages, yet is still used as a means of correction and discipline.

The continuance of such practice degrades institutions of justice and human reform and can only serve to further embitter and alienate the offender. State directed physical violence is completely inconsistent with modern penal practice.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

REFUSAL OF CATV APPLICATIONS, 1965

Question No. 965—**Mr. Cowan:**

What 13 CATV applications were turned down and for what reasons, as indicated in the Report of the Board of Broadcast Governors for the year ending March 31, 1965, page 11, where it is stated that "Community antenna television systems (CATV's) do not come under the Broadcasting Act, but are referred to the Board on an informal basis by the Minister of Transport who is the licensing authority" and that "In the fiscal year ended March 31, 1965, the Board examined 59 such applications and found that 46 of them, in its judgment, would not make the operation of existing TV stations uneconomical or inhibit the provision of alternate service"?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The following are the 13 applications and reasons:

Metro Videon Limited: new CATV Winnipeg.

Reason: The board wishes to advise that in its opinion the establishment of the CATV system as requested would affect adversely the economic position of stations CJAY-TV, CBWT and CBWFT, Winnipeg.

Neighborhood Television Limited: new CATV Sudbury.

Reason: The board wishes to advise that in its opinion the establishment of the system as proposed would inhibit the provision of alternative Canadian television service in the Sudbury area.

Allview Cable Service Ltd.: new CATV Sarnia, Point Edward, Froomfield and Corunna.

Reason: In the opinion of the board, the establishment of a CATV system to serve Sarnia, Point Edward, Froomfield, Corunna and the surrounding area as proposed in the application, would have an adverse effect on existing television stations and on the possibility of the provision of alternative service.

Western Television Cable Company Ltd.: new CATV system New Westminster, B.C.

Reason: The board wishes to advise that it is doubtful as to what economic effect the establishment of such a system would have on the operation of stations CBUT and CHAN-TV or on the provision of alternative service.

Brandon Television Limited: new CATV Brandon.

Reason: The board wishes to advise that in its opinion the establishment of the CATV system as proposed would adversely affect the economic position of Station CKX Brandon and would inhibit the provision of alternative Canadian television service to the area concerned.

George G. Henderson: new CATV Kamloops.

Kamloops Cable Television Limited: new CATV Kamloops.

Reason for both: The board wishes to advise that in its opinion the establishment of the systems as proposed would inhibit the provision of alternative Canadian television service in the area.

Lake Video Services Ltd.: CATV system Lake Cowichan, B.C.

Reason: The board wishes to advise that in its opinion the establishment of the system as proposed in the application would have an adverse effect on existing television service and on the possibility of the provision of alternative service, if the system included three Canadian channels and three American channels. In the board's opinion the system would not have such an adverse effect if it carried only the Canadian channels proposed.

George Malo: new CATV Sudbury.

Reason: In the opinion of the board the establishment of the CATV system to provide service to Sudbury, Coniston and Copper Cliff, Ontario, would have an adverse effect on existing television stations and on the possibility of the provision of alternative service in the area.

Canadian Wirevision Ltd.: CATV system Vancouver, Burnaby, Richmond and New Westminster, B.C.

Reason: The board wishes to advise that it is doubtful as to what economic effect the establishment of such systems would have on the operation of stations CBUT and CHAN-TV or on the provision of alternative service.

Cameron Gilbert Harju: CATV system Blackfalds.

Reason: The board has deferred a decision on its informal advice.

Victoria Cablevision Limited: To extend the CATV service at Saanich to include Victoria, Oak Bay and Esquimalt.

Reason: The board has deferred a decision on its informal advice.

H & B Communications Limited: CATV system Edmunston to add reception of Station WMEM-TV Presque Isle, Me.

Reason: The board has deferred a decision on its informal advice.

REFUSAL OF CATV APPLICATIONS, 1966

Question No. 966—**Mr. Cowan:**

What 10 CATV applications were refused and for what reasons, as indicated in the Report of the Board of Broadcast Governors for the year ending March 31, 1966, page 11, where it is stated that "The Minister of Transport ... provided that the Board should examine CATV applications ... In the fiscal year ended March 31, 1966, the Minister referred 82 CATV applications to the Board ... The Board found that 72 of them ... would not make the operation of existing TV stations uneconomical or inhibit the provision of alternate service"?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The following are the 10 CATV applications and the reasons:

Frontenac Broadcasting Company Limited: new CATV system—Kingston, Ontario.

Reason: The board wishes to advise that in its opinion the establishment of the CATV

system as proposed would inhibit the provision of an alternative television service in the area.

Murray Leonard Sweigman: Kingston, Ontario.

Reason: The board wishes to advise that in its opinion the proposed change in the existing CATV system would inhibit the provision of an alternative television service in the area.

Neighbourhood Television Limited: new CATV system—Sudbury, Ontario.

Reason: The board wishes to advise that in its opinion the establishment of the proposed CATV system would inhibit the provision of alternative television service in the Sudbury area.

Cameron Gilbert Harju: new CATV system—Blackfalds, Alberta.

Fundy Cablevision Ltd. new CATV system—Saint John, Lancaster and the Parish of Simonds, New Brunswick.

Morton Flom: new CATV system—Quebec city, Levis, Sillery, Giffard, Quebec West, Ste. Foy, Charlesbourg, Lauzon, Montmorency, Beauport and Villeneuve, Quebec.

Reasons for the above: The board wishes to advise that in its opinion the new proposed CATV system would affect adversely the economic position of the television broadcasting station serving the area.

Oshawa T.V. Supply Limited: new CATV system—Oshawa, Ontario.

Reason: The board wishes to advise that in its opinion the proposed CATV system would inhibit the establishment of a local television broadcasting station.

Oshawa T.V. Supply Limited: to add WOKR-TV, Rochester, New York and WNED-TV, Buffalo, New York to the CATV system serving part of Oshawa, Ontario.

Reason: The board wishes to advise that in its opinion the change in the existing CATV system as proposed would inhibit the provision of an alternative television service in the area.

Western Communications Ltd: new CATV system—Regina, Saskatchewan.

Reason: The board wishes to advise that in its opinion the proposed system would affect adversely the economic position of the television broadcasting stations serving the area.

[Mr. Byrne.]

Lloyd Cyril Nelson: new CATV system—Brandon, Manitoba.

Reason: The board wishes to advise that in its opinion the establishment of the CATV system as proposed would adversely affect the economic position of Station CKX in Brandon and would inhibit the provision of alternative Canadian television service to the area concerned.

FAMILY INCOMES OF OCCUPANTS OF N.H.A. UNITS

Question No. 979—**Mr. Douglas:**

1. What was the average family income of purchasers of NHA single-family bungalows in each month during 1967?

2. What was the average family income of tenants of NHA financed apartments in 1967?

3. What was the family income distribution of tenants of NHA financed apartments in 1967?

Hon. E. J. Benson (President of the Treasury Board): 1. The average family income of purchasers of, and owner-applicants for, N.H.A. financed, single-family dwellings during 1967 was $8,769.

2 and 3. Information on family incomes of tenants in N.H.A. financed apartments is not available.

FINANCING FOR NEW HOUSING, 1967

Question No. 982—**Mr. Douglas:**

How much of the financing for new housing in Canada in 1967 was provided by (a) private funds (b) public funds (c) other sources?

Hon. E. J. Benson (President of the Treasury Board): Of the 164,123 housing units started in 1967, (a) 85,512 were financed by institutional mortgage lenders, (b) 45,325 were financed from public funds, and (c) 33,286 were financed from other sources.

INCREASES IN WHARFAGE RATES

Question No. 997—**Mr. Macquarrie:**

1. What was the date of the latest increase in wharfage rates for the Department of Transport facilities in Prince Edward Island?

2. What was the rate of increase?

3. For what reason or reasons were such rates increased?

4. Were similar increases put into effect in other parts of (a) the Maritime Provinces (b) Canada?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Storage charges for vegetables and roots in frost proof sheds revised effective October 20, 1966.

2. Former rates:	Rate in Cents
(a) unheated sheds,	
(i) first ten days,	free
(ii) after first 10 days, per bushel per day	1/10
(b) heated sheds (no free storage period),	
(i) first 20 days per bushel per day	1/4
(ii) after first 20 days per bushel per day	1/8

Revised rates:	Rate in Cents
(a) unheated sheds,	
(i) first 10 days from initial entry into a shed for the purpose of consolidating a shipment	free
(ii) subject to subparagraph (iii) from the expiration of free time, per square foot for each 10 days or part thereof	5
(iii) where a shipment is moved from the shed prior to the 16th day calculated from initial entry, per square foot for the period	2½
(b) heated sheds (no free storage period)	
(i) first 5 days or part thereof, from initial entry into shed for the purpose of consolidating a shipment, per square foot	8
(ii) second 5 day period or part thereof, per square foot	6
(iii) each additional 5 day period or part thereof, per square foot	4

3. The rates were revised to eliminate problems experienced in the application of charges on a per bushel basis and to promote more efficient use of space in sheds.

4. The rates form part of the schedule of charges under the government wharves regulations effective at all federal public wharves under Department of Transport administration.

Questions

CATCH FAILURE ASSISTANCE FOR FISHERMEN

Question No. 1,007—**Mr. Muir (Cape Breton North and Victoria):**

1. Is the Department of Fisheries considering legislation that will provide catch failure assistance to fishermen on a national level?

2. What progress has been made in determining this legislation and when is it expected to come into force?

Hon. H.-J. Robichaud (Minister of Fisheries): 1. The matter is under study.

2. When a decision is reached on this very complex problem an announcement will be made by the government.

DESIGN AND DEVELOPMENT OF ARTIFICIAL HEART AND KIDNEY

Question No. 1,011—**Mr. Hales:**

On what basis has the government placed the question of the design and development of an artificial heart and kidney with McMaster University instead of a leading medical college such as McGill, Toronto or Queen's?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of Industry as follows: The government has not placed any contracts for the design and development of an artificial heart and kidney with McMaster University. This project is listed by McMaster University in a brochure called "A Proposal for C.A.R.E.D. at McMaster University" as an example of the type of project which might be undertaken by their new Centre for Applied Research and Engineering Design.

STUDY OF INDUSTRIALIZATION OF AGRICULTURE

Question No. 1,012—**Mr. Hales:**

On what basis has the government placed the study of industrialization of agriculture with McMaster University instead of an Agricultural College such as the University of Guelph or a western university?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of Industry as follows: The government has not sponsored any study of industrialization of agriculture with McMaster University. This project is listed by McMaster University in a brochure called "A Proposal for C.A.R.E.D. at McMaster University" as an example of the type of project which might be undertaken by their new Centre for Applied Research and Engineering Design.

Questions

SUBSIDY UNDER MARITIME FREIGHT RATES ACT

Question No. 1,045—**Mr. Coates:**

What was the total amount of the subsidy paid to the C.N.R. and the C.P.R. under the Maritime Freight Rates Act for the fiscal years 1965, 1966 and 1967?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport):

	C.N.R.	C.P.R.
1964/65	$12,515,000	$856,032
1965/66	$12,850,000	$818,313
1966/67	$12,211,000	$854,997

DELEGATES TO GENEVA TARIFF NEGOTIATIONS

Question No. 1,049—**Mr. Jorgenson:**

1. What were the names of the delegates from each of the departments of government represented at the Kennedy Round of tariff negotiations at Geneva?

2. Which of these delegates were (a) part-time (b) permanent?

Hon. Paul Martin (Secretary of State for External Affairs): The Canadian delegation to the Kennedy round of trade negotiations at Geneva, as notified to the GATT secretariat, consisted of the following departmental representatives: Department of External Affairs: N. A. Robertson—Chief Negotiator (Succeeded in November 1965 by S. D. Pierce); *D. S. McPhail; *M. A. Bernier. Department of Finance: C. A. Annis; J. A. Hayes, Department of Trade and Commerce: M. Schwarzmann; T. M. Burns; *W. Van Fleet; W. Lavoie; *N. W. Boyd. Department of Agriculture: E. W. Stewart. Department of Industry: L. C. Howey. Department of Energy, Mines and Resources: *J. P. Drolet. Department of National Revenue: *P. A. O'Brien.

In addition, the following senior officers of departments participated from time to time, and particularly immediately prior to the conclusion of the negotiations: Department of Trade and Commerce: J. H. Warren. Department of Finance: J. F. Grandy; R. Y. Grey. Department of Industry: S. S. Reisman. Department of Agriculture: S. B. Williams.

Other officials were also required in Geneva in an advisory capacity for brief periods during the negotiations; and the chairman of the Canadian Wheat Board, Mr. W. McNamara, and wheat board officials, for the negotiation of the cereals agreement.

* Did not serve for the full duration of the negotiations.

OFFICIAL BARGAINING AGENTS, PUBLIC SERVICE

Question No. 1,058—**Mr. Bell (Carleton):**

1. Since the proclamation of the Public Service Staff Relations Act, how many occupational groups in each category of the Public Service have had an official bargaining agent certified?

2. (a) What are the names of the groups for which official bargaining agents have been certified (b) what is the number of employees in each such group (c) what bargaining agent has been certified for each such group?

3. For what occupational groups in what categories (a) are applications for certification of a bargaining agent pending (b) has no application for certification yet been made?

Hon. Charles R. Granger (Member of the Administration): I am informed by the Public Service Staff Relations Board as follows: 1. As of February 15, 1968.

Category	Number of Groups in respect of which a bargaining agent has been certified
Operational	10
Technical	7
Scientific and professional	10
Administrative support	3
Administrative and foreign service	1

2. (a) Name of occupational group in respect of which certification has been issued	2. (b) Number of employees in each such group (Approximate)	2. (c) Name of certified bargaining agent
Hospital Services	6,400	Public Service Alliance of Canada
Firefighters	1,450	Public Service Alliance of Canada
General labour and trades	21,800	Public Service Alliance of Canada

2. (a) Name of occupational group in respect of which certification has been issued	2. (b) Number of employees in each such group (Approximate)	2. (c) Name of certified bargaining agent
General services	14,400	Public Service Alliance of Canada
Heating power and stationary plant operation	3,000	Public Service Alliance of Canada
Correctional	2,000	Public Service Alliance of Canada
Lightkeepers	675	Public Service Alliance of Canada
Postal operations (supervisors)	2,100	Association of Postal Officials of Canada
Postal operations (non supervisors excluding railway mail clerks and part time employees)	25,000	Council of Postal Unions
Printing operations (non supervisors)	1,350	Council of Graphic Arts Unions of the Public Service of Canada
Ship repair	2,400	Federal Government Dockyards Trades and Labour Council
Forestry	100	Professional Institute of the Public Service of Canada
Home economics	100	Professional Institute of the Public Service of Canada
Library science	154	Professional Institute of the Public Service of Canada
Veterinary science	460	Professional Institute of the Public Service of Canada
Physical sciences	310	Professional Institute of the Public Service of Canada
Meterology	465	Professional Institute of the Public Service of Canada
Social work	105	Professional Institute of the Public Service of Canada
Chemistry	225	Professional Institute of the Public Service of Canada
Architecture and town planning	150	Professional Institute of the Public Service of Canada
Education	2,150	Public Service Alliance of Canada
Drafting and illustration	1,800	Public Service Alliance of Canada

Questions

2. (a) Name of occupational group in respect of which certification has been issued	2. (b) Number of employees in each such group (Approximate)	2. (c) Name of certified bargaining agent
Engineering and scientific support	5,800	Public Service Alliance of Canada
General Technical	2,750	Public Service Alliance of Canada
Photography	200	Public Service Alliance of Canada
Primary products, inspection	1,900	Public Service Alliance of Canada
Aircraft operations	135	Professional Institute of the Public Service of Canada
Air traffic control	915	Canadian Air Traffic Control Association
Welfare programs	1,000	Public Service Alliance of Canada
Communications	900	Public Service Alliance of Canada
Office equipment	670	Public Service Alliance of Canada
Telephone operation	560	Public Service Alliance of Canada

3 (a). Groups in respect of which application for certification pending:

Operational: Category: Ships crews, Revenue postal operations.

Scientific and Professional Category: Agriculture, Auditing, Biological sciences, Dentistry, Economics, sociology and statistics, Historical research, Law, Medicine, Nursing, Pharmacy, Scientific regulation, Scientific research, Unitersity teaching.

Technical Category: Electronics, Radio operation, Ships officers, Technical inspection.

Administrative and Foreign Service Category: Administrative services, Computer systems administration, Information services, Program administration, Purchasing and supply, Foreign Affairs.

Administrative Support Category: Translation, Clerical and regulatory, Data processing.

3 (b). Groups in respect of which no application for certification pending and no bargaining agent certified:

Operational Category: Printing operations (supervisors).

Scientific and Professional Category: Actuarial science, Engineering and land survey, Occupational and physical therapy, Psychology, Mathematics.

[Mr. Granger.]

Technical Category: Social science support, Ships pilots.

Administrative and Foreign Service Category: Financial administration, Organization and methods, Personnel administration, Administrative trainee, Commerce.

Administrative Support Category: Secretarial, stenographic, typing.

GRANTS TO MANITOBA UNIVERSITY FOR MICROWAVE RADIATION MEASUREMENT

Question No. 1,076—**Mr. Schreyer:**

1. Has the federal Department of Agriculture or any other department or agency of the federal government made any grants to the University of Manitoba for the purpose of research and measurement of radiation emitted by microwave telecommunication facilities and the effects thereof on plants and animals?

2. If no such grants for such purpose were made to the University of Manitoba, were any made directly to any of the professional staff of the University of Manitoba, specifically as regards one Professor P. A. Kondra and/or one Professor M. A. K. Hamid?

3. If any such grants have been made by any federal agency, what is the amount and by what specific title is the research project named?

4. Has the federal Department of Agriculture or any other federal agency received any research project reports from the University of Manitoba

or from any of its staff relative to (a) the measurement of microwave radiation (b) the effects of microwave radiation on plants and animals?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Department of Agriculture is concerned: 1. Yes.

2. Not applicable.

3. Amount: $3,800, effective April 1, 1968. Title: The Effect of Microwave on Growth and Performance of Chickens. (Prof. P. A. Kondra).

4. No.

In so far as the National Research Council of Canada is concerned: 1. No.

2. Grants have been made to Dr. M. A. K. Hamid, but not for the purpose of research and measurement of radiation emitted by microwave telecommunication facilities and the effects thereof on plants and animals.

3. Grants made to Dr. M. A. K. Hamid are as follows: Title—Investigation of near field phenomena

Amounts—

	1966	1967
Operating Grants	$ 6,000	$10,000
Major Equipment Grants	25,000	10,000

4. (a) Yes—annual progress reports by Dr. M. A. K. Hamid. (b) No.

CHANNEL ACROSS AVALON ISTHMUS, NFLD.

Question No. 1,081—**Mr. Tucker:**

1. Has the federal government any knowledge of plans to cut a channel through the Isthmus of Avalon, near Long Harbour, Newfoundland?

2. Has the federal government been approached by any provincial authority or by any private interest on organization in connection with this project?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Public Works, Transport and the Prime Minister's Office as follows: 1. No.

2. No.

ACQUISITION OF AIRCRAFT TO BELGIUM

Question No. 1,082—**Mr. Lambert:**

1. Was Canada involved in any negotiations with the Belgian Government with a view to the purchase by that Government of about a hundred aircraft of the type U.S. F-5 or its related type CF-5 to replace the F-84 as the Belgian tactical ground support fighter bomber?

2. If so, what were the results?

3. Does the decision of the Belgian Government to acquire instead a number of Mirage V in any way affect the consideration of the use of the CF-5 as an operational aircraft by Canadian Forces in Western Europe?

4. Was the CF-5 version of this aircraft of use to Belgium and, if so, what was the offer to the Belgian Government in competition with the offer relative to the Mirage V?

Hon. C. M. Drury (Minister of Industry): In so far as the Department of Defence Production is concerned: 1. Yes.

2. The Belgium government decided not to purchase the CF-5 aircraft.

3. The decision of the Belgian government to acquire Mirage aircraft does not affect in any way any consideration of the possible use of the CF-5 as an operational aircraft by Canadian forces in western Europe.

4. It is understood that the CF-5 would have met their military requirements. Negotiations with the Belgian government indicated that Canada would be unable to meet their offset requirements and therefore no formal offer was made by the Canadian government. The Canadian government is not aware of the details of the offer relative to the Mirage V.

PRODUCTION OF NAPALM BOMB INGREDIENTS

Question No. 1,085—**Mr. Mather:**

Has the government a contract with the Dow Chemical Company plant in the Surrey-Delta area of British Columbia for the production of ingredients used in the manufacture of Napalm bombs?

Hon. C. M. Drury (Minister of Industry): A nil answer is submitted for the Department of Defence Production, Canadian Arsenals Limited, Canadian Commercial Corporation and Polymer Corporation Limited.

ENTRY OF ASIANS AND AFRICANS

Question No. 1,087—**Mr. Tucker:**

1. In view of the situation in which certain African-Asians possessing British passports find themselves as a result of legislation contemplated or being considered by the British Parliament has the Government of Canada given consideration to take steps that might be taken to encourage this group to come to Canada as immigrants and to facilitate their entry?

2. Has any of this group already been admitted to Canada and, if so, how many?

Questions

3. How many of each of the following groups applied for entry to Canada as immigrants during (a) the calendar year 1967 (b) the current year to date (i) Asians (ii) Africans (iii) African-Asians?

4. How many of each of the above groups were actually admitted as immigrants during (a) the calendar year 1967 (b) the current year to date?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. An immigration officer has been attached on special assignment to the staff of the Canadian high commissioner in Nairobi. In addition, a travelling immigration team will be proceeding to Nairobi in the next two or three weeks.

2, 3 and 4. An applicant's racial or ethnic origin is not a consideration in determining his admissibility to Canada, and no statistics are available to distinguish between this particular group of people and other residents of Kenya. During the calendar year 1967, the last period for which statistics are available, 239 former residents of Kenya were granted landed immigrant status.

AIR CANADA ADVERTISING PROGRAM

Question No. 1,099—**Mr. Bell (Saint John-Albert):**

In connection with the current radio and television advertising program of Air Canada (a) what agency or agencies have been selected for said program (b) will Canadian talent and facilities, particularly with respect to the musical arrangements thereto, be utilized exclusively?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows: (a) Foster Advertising Limited; (b) Not exclusively, if the use of an outside consultant is believed to improve the program.

JEANNE-MANCE HOUSING CORPORATION

Question No. 1,102—**Mr. Laprise:**

1. How much has the Société des Habitations Jeanne-Mance (Jeanne-Mance Housing Corporation) invested for the construction of its housing complex in Montreal (a) cost of land (b) demolition (c) construction?

2. How many tenants are there and what is the average rent?

3. How much money has the Société des Habitations Jeanne-Mance received in rents since it was established?

4. What is the annual rate of interest?

5. What is the amount of money reimbursed to date by the Société des Habitations Jeanne-Mance?

6. What has been the yearly cost for upkeep and maintenance of the Habitations Jeanne-Mance since it was established?

7. What is the number of personnel employed by the Société des Habitations Jeanne-Mance?

Hon. E. J. Benson (President of the Treasury Board): 1. The cost of acquiring land and buildings and demolition amounted to $7,019,-324. (a) The cleared land was transferred to the partnership (federal government and city of Montreal) for construction of the public housing project at a cost of $703,162.90. Services amounted to an additional $423,869.40. (b) The demolition costs, as part of the total cost of acquisition and clearance, was $185,918. (c) Construction costs of the buildings amounted to $9,535,553.30 for a total cost, including serviced land, of $10,662,585.60.

2. There are 796 tenants and the average monthly rental is approximately $45 per unit per month.

3. A total of $3,864.837.90 has been received in revenue since commencement of operations in 1959.

4. The annual rate of interest is 4½ per cent on both the investment of the federal government and the city of Montreal.

5. Total amortization costs of December 31, 1967—	$3,878,783.48
Total operating deficit to December 31, 1967—	3,418,634.84
Net funds available for reimbursement—	$ 460,148.64

6. Yearly revenue and operating expenses are shown at appendix "A" attached.

7. Thirty-two full time employees.

APPENDIX "A"

	1959	1960	1961	1962	1963
Project Revenue	$ 8,140.95	$ 177,667.68	$ 461,034.25	$ 513,277.68	$ 540,611.52
Administrative Expenses	10,424.60	54,442.92	55,679.10	53,614.15	53,764.75
Operating Expenses	2,123.49	51,642.40	108,040.58	104,238.57	108,482.44
Maintenance Expenses	3,613.43	83,279.45	100,812.63	124,736.70	132,098.51
Municipal Taxes	2,713.65	48,282.77	125,746.51	135,837.46	134,536.95
Amortization of Investment		228,192.63	444,383.27	497,731.05	533,493.68
	18,875.17	465,840.17	834,662.09	916,158.93	962,376.33
Operating Deficit	$ 10,734.22	$ 288,172.49	$ 373,627.84	$ 402,881.25	$ 421,764.81

	1964	1965	1966	1967	Total
Project Revenue	$ 551,724.68	$ 558,239.96	$ 556,842.57	$ 497,298.61	$3,864,837.90
Administrative Expenses	57,591.70	61,148.04	61,872.49	51,685.91	460,151.66
Operating Expenses	149,569.50	142,854.42	133,088.20	147,234.20	947,274.80
Maintenance Expenses	107,472.04	112,146.43	131,540.49	125,159.70	920,859.38
Municipal Taxes	132,680.99	134,261,19	134,194.74	228,149.16	1,076,403.42
Amortization of Investment	539,312.50	545,223.45	545,223.45	545,223.45	3,878,783.48
	986,554.73	995,633.53	1,005,919.37	1,097,452.42	7,283,472.74
Operating Deficit	$ 434,830.05	$ 437,393.57	$ 449,076.80	$ 600,153.81	$3,418,634.84

RENTAL OF SPACE BY PRINTING BUREAU

Question No. 1,107—**Mr. Isabelle:**

1. Does the Canadian Government Printing Bureau expect that it will need rented space in the near future and if so, how many square feet will it need?

2. Have any steps been taken lately in this direction and if so, what buildings have been visited for this purpose?

3. Is the Canadian Government Printing Bureau renting any storage space at the present time and if so, where are these rented spaces and what is the term of the existing leases?

[*Translation*]

Hon. C. M. Drury (Minister of Industry):

1. No.

2. No.

3. No.

[*English*]

TUNA SHIP "GOLDEN SCARAB"

Question No. 1,108—**Mr. Crouse:**

1. Was the tuna seiner *Golden Scarab* recently arrested at St. Andrews, N.B. and if so, for what reason?

2. What is the total amount of all mortgages held on this ship by the Industrial Development Bank?

3. For what period of time was this ship's payments in arrears to the Industrial Development Bank?

4. How many Canadians are employed on this Canadian subsidized ship?

5. Did the ship have any tuna on board when it was seized and if so, what was the value of the catch?

6. Has the Industrial Development Bank made any loans on other tuna seiners and if so, what are the names of the ships and the amount of the loans?

7. Are payments on any of these loans in arrears?

Hon. Mitchell Sharp (Minister of Finance):

1, 2, 3, 5, 6 and 7. The ship was arrested. It has not been the practice, nor is it considered appropriate, for the Industrial Development Bank to make information publicly available relating to the affairs of a particular applicant or borrower.

4. This information is not available.

Questions

JANITOR SERVICE, R.C.M.P. BUILDING, CALGARY

Question No. 1,116—**Mr. Ballard:**

With reference to the new Royal Canadian Mounted Police building at Calgary, Alberta:

1. On what date was this building put into service by the R.C.M.P.?

2. Has the contract for janitorial service been let?

3. If so (a) to whom (b) were the janitorial services let by way of tender, were competitive quotations asked for, or otherwise?

4. What is the cost of janitorial services for this building?

Hon. L. T. Pennell (Solicitor General): 1. June 20, 1967.

2. Yes, a short term contract which may be terminated at any month's end. Tenders have been called for the letting of an annual contract.

3. (a) The current contract was let to Servicemaster of Calgary Ltd. (b) Competitive quotations were invited and the current contract let to the low bidder.

4. $135.65 per week.

RURAL DEVELOPMENT ACTIVITIES IN P.E.I.

Question No. 1,120—**Mr. McQuaid:**

1. Has any agreement been signed with the Government of the Province of Prince Edward Island under subsection (1) of Section 4 of the Fund for Rural Economic Development Act?

2. If the answer to Part 1 is no, has any such agreement yet been drafted and submitted by either Government for approval?

3. Since July 11, 1966, what moneys were paid each year out of the Consolidated Revenue Fund to the Government of the Province of Prince Edward Island under the provisions of the Fund for Rural Economic Development Act?

4. Has the Government of Canada paid any money to the Government of the Province of Prince Edward Island to assist in financing the operations of the P.E.I. Economic Improvement Corporation and, if so, how much and when were the payments made?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): 1. No.

2. No.

3. None.

4. No.

*MR. JUSTICE LANDREVILLE—INQUIRY AS TO POSSIBLE PAYMENT OF PENSION

Question No. 1,128—**Mr. Diefenbaker:**

1. Has the decision been made either by the government or the Minister of Justice, or any Minister thereof, as to the granting of a pension or other allowance to the former Justice Leo Landreville?

2. If so, what is the nature thereof?

[Mr. Sharp.]

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, the government has decided at this time against taking the steps necessary to grant Mr. Landreville a pension or annuity.

OFFICERS OF SOVEREIGNTY ASSOCIATION MOVEMENT

Question No. 1,130—**Mr. Bell (Carleton):**

1. Has the attention of (a) the government (b) the Public Service Commission, been drawn to the addendum to the Report of the Board of Control to the City Council of Ottawa on March 4, 1968, which addendum contains a copy of a press release of the "Sovereignty Association Movement"?

2. If so, are the office telephone numbers there listed for (a) the chief co-ordinator, namely 996-1610 and (b) the policy co-ordinator, namely 992-0075, of the "Sovereignty Association Movement", on the telephone exchange of the Government of Canada?

3. If so, in what specific branch of what department or agency of the Government of Canada is each such telephone located?

4. (a) What position with the Government of Canada is held by (i) the person listed as chief co-ordinator (ii) the policy co-ordinator, of the said Movement (b) what are the duties of each such position?

5. Have these persons or either of them the permission of (a) the Government of Canada (b) their superior officers, to make use of the said telephones for the purposes of the said Movement?

6. If so, under what conditions?

7. If not, what action, if any, has been taken regarding (a) the past use (b) future use, of such telephones for the purposes of the said Movement?

8. In addition to the said telephones, were any other services or facilities of the Government of Canada used by either (a) the said chief co-ordinator, or (b) the policy co-ordinator, for the activities of the Movement?

9. If so, what services or facilities?

10. On what date was each of (a) the said chief co-ordinator (b) the said policy co-ordinator, first employed in the Public Service?

11. By what method of appointment and on whose recommendation was each such person so employed?

12. (a) Has any disciplinary action been taken against either of these employees (b) if so, of what nature (c) when?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. (a) Yes. (b) No. The individuals referred to were not employed under the terms of the Public Service Employment Act.

2. (a) Yes; (b) yes.

3. 996-1610, science secretariat, Privy Council office located at 110 Argyle Street, Ottawa.

992-0075, royal commission on bilingualism and biculturalism (switchboard).

4. (a) and (b) (i) None. The person listed as "chief co-ordinator" who had been employed on a short term contract to assemble research material on the nature and extent of industrial research in Canada for a study being conducted by the science secretariat of the Privy Council office, requested on March 4 that his contract be terminated on March 18, 1968 in order that he might take up other employment. The contractor was on duty for a total of 12½ days in the month of February, five days of which were after the issue of the press release referred to in part (1) of the question.

(a) and (b) (ii) I am informed, by the royal commission that the person listed as the "policy co-ordinator" holds the position of editorial assistant with duties as follows: "under the direction and according to the instructions of the director of editorial services, to edit research report manuscripts being prepared for publication, correcting typographical and stylistic errors and drawing the attention of his superior to such editorial questions as organization and presentation; finalizing bibliography and verifying references and annotations; proof-reading and final preparation of manuscripts for printing".

5. (a) and (b) No.

6. Not applicable.

7. The person listed as "chief co-ordinator" was interviewed by his administrative superiors on March 1, 1968 and informed them that no use whatever had been made of government telephones for the purposes of the "Sovereignty Association Movement" and that the listing of the telephone number 996-1610 in the press release was done without his knowledge or consent by an individual who had since resigned his position with the organization because he had made an inaccurate release without authorization. It was pointed out to the individual by his administrative superiors that the use of the government telephone and his time would not be tolerated for such purposes and in turn the individual stated that the telephone had not been used for such purposes nor would it be used in the future.

I am informed by the royal commission that the person listed as "policy co-ordinator" was asked by his supervisor for an explanation and has explained that the publication of his business telephone number was unauthorized by him and was unknown to him until after the event (see paragraph above). His supervisors requested and received assurance that the individual had not used his telephone for the purposes indicated and would not in the future.

8. (a) and (b) No.

9. Not applicable.

10. (a) The individual is not employed in the public service—he is employed part time on a contract basis, effective November 20, 1967. (b) The individual's employment does not fall within the public service regulations —he was employed by the royal commission on bilingualism and biculturalism, effective November 1, 1965.

11. Insofar as the individual referred to as "chief co-ordinator" is concerned, he was employed by contract on the recommendation of former officials of Expo Corporation 1967 who were familiar with his capabilities.

Insofar as the individual referred to as "policy co-ordinator" I am informed by the royal commission that he was appointed under the terms of T.B. minute No. 685784-1 and 636527 of May 21, 1965, by the commission co-secretary on the recommendation of the director of research, as a research assistant, and was subsequently transferred to the editorial section on the recommendation of the supervisor of editorial services.

12. (a) None (see 7). (b) and (c) Not applicable.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PACIFIC WESTERN AIRLINE NORTHERN SERVICE

Question No. 1,002—**Mr. Dinsdale:**

1. Since 1965, have there been any changes in the air service provided by Pacific Western Airlines to the following communities (a) Pine Point (b) service between Fort Smith and Uranium City (c) service between Hay River and Fort Resolution?

2. If so, when did the changes take place, for what reasons, and under whose authority?

3. What are the present P.W.A. schedules into these communities, and what routes are authorized under their charter?

4. What alternate scheduled service is provided?

5. What is the usual procedure followed by a licensed airline in changing a prescribed schedule, and what recourse has the public in the event of the cancellation of a schedule covered in the airline's licence?

Return tabled.

INVESTIGATION OF UNIDENTIFIED FLYING OBJECTS

Question No. 1,008—**Mr. Coates:**

1. What department or departments have been delegated the responsibility of investigating reports on unidentified flying objects that are brought to the attention of the federal government, and how many such reports were received in the years 1965, 1966 and 1967?

2. Were investigations carried out in each instance, to whom were the reports made, and is the information contained therein confidential or available to the public?

Return tabled.

FREE LANCE TRANSLATORS

Question No. 1,014—**Mr. Isabelle:**

1. How many free-lance translators are employed by the Bureau of Translations, what are their names and addresses (city), and how are they recruited?

2. Are they required to take part in a public competition in this field conducted by the Public Service Commission in order to be accepted?

3. Are free-lance translators required to take the oath of office?

4. Are they permitted to have the texts which are given to them translated by people of their own choice and, if so (a) how is the competence of the latter determined (b) are these people required to take the oath of office?

5. How are free-lance translators paid and how much has each one received in the last three years?

Return tabled.

CENTENNIAL AND EXPO ADVERTISING OVER C.B.C.

Question No. 1,059—**Mr. Bell (Saint John-Albert):**

Were any estimates kept of the moneys expended on advertising and programming over the C.B.C. with respect to both Centennial and Expo 67 and, if so, what were the total figures, together with any readily available breakdown?

Return tabled.

COST OF TRADE AND TOURIST PROMOTION

Question No. 1,096—**Mr. Schreyer:**

1. In the last fiscal year, what was the expenditure of the Department of Trade and Commerce allocated to trade promotional and tourist promotional activities?

[Mr. Dinsdale.]

2. Of the above amount, how much was allocated to (a) trade missions (b) trade fairs

3. How many persons representative of private commercial interests attended trade missions or fairs at departmental expense, either in whole or in part?

4. What was the number of such persons sent abroad per trade fair or trade mission, and what was the cost per trade fair or mission in sending such persons?

Return tabled.

FINANCE

REFUNDING OF MATURING BONDS—INQUIRIES AS TO GOLD SITUATION

On the orders of the day:

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I understand there is some $175 million in bonds maturing at April 1. Can the minister give the house any indication as to the government's plans in respect of refunding these bonds, as well as the C.N.R. bonds falling due on May 15?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the cabinet has been considering the refinancing of these securities, and I expect I shall be making an announcement either today or tomorrow.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of the announcement by the minister in respect of the member countries of the world gold pool, does he still think they will be able to control the price of gold if countries like Russia, China and others continue to deal in gold on the free market?

Mr. Sharp: The object of the exercise, Mr. Speaker, is to stabilize the price of gold for transactions between countries settling their balance of payments differences, and to leave the free market to deal with supplies coming from new production. The gold pool is no longer in operation.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, is it the minister's intention to continue to buy gold at $35 an ounce from producers in Canada for sale to countries which belong to the gold pool?

Mr. Sharp: Mr. Speaker, I would refer the hon. gentleman to the communique issued by the governors, to which we have adhered, as follows:

Moreover, as the existing stock of monetary gold is sufficient in view of the prospective establishment of the facilities for special drawing rights, they no longer feel it necessary to buy gold from the market.

Mr. Stanfield: Mr. Speaker, I do not like to raise questions of order, but with respect it does not appear to me that these questions are supplementary to the question I directed to the Minister of Finance.

Mr. Speaker: The point of order is a little too late now that the questions have been asked and answered.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is supplementary to the question about bond conversions. Do these plans include also the spring conversion of Canada savings bonds?

Mr. Sharp: Mr. Speaker, a decision has been made in respect of the conversion issue but I have forgotten whether an announcement has been made.

[*Later:*]

Mr. Sharp: Earlier today the hon. member for Edmonton West asked me a question about the new series of Canadian savings bonds, and I discover that I have made the announcement today.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Minister of Finance about the announced decision regarding the two price system for gold. In view of the fact that this is likely to be a stop gap measure designed to buy time, what steps is the Canadian government taking to hasten some decision by the member nations of the International Monetary Fund in respect of supplementary drawing rights and some new unit of international currency?

Mr. Sharp: Mr. Speaker, the Canadian government has been foremost among nations in pressing for the establishment of a new form of reserve currency. We shall continue to do so, and I am hopeful that we will have good results.

Mr. Douglas: Further to the statement the minister made earlier, what will be the Canadian government's position in respect of buying gold from Canadian gold producers? Will the government be buying gold and, if so, at what price? Will the government be selling gold to the United States government as we did last year, and if so, at what price?

Mr. Sharp: Mr. Speaker, this is the same question that was asked by the hon. member for Timiskaming which I answered by referring to the communiqué issued by the governors of the central banks, members of the gold pool, to which we have adhered; that is, that the central banks "no longer feel it necessary to buy gold from the market."

Mr. Douglas: A supplementary question for clarification, Mr. Speaker. I was aware of the statement in the communiqué, but is it Canada's intention to sell any gold to the United States during the coming year and, if so, on what basis? Or am I to take it from the minister's statement that the United States will not be buying gold from Canada? Also, will the Canadian government be buying gold and, if so, on what price basis?

Mr. Sharp: There were two questions asked by the hon. member. I am sorry; I dealt only with the first. With regard to the second question, about sales of gold by Canada to the United States—that is from the Canadian exchange fund to the United States authorities—that, of course, is always possible. That depends upon what proportion of our reserves we want to keep in gold and what proportion in earning assets. Nothing that has happened changes those considerations, so I do not expect any change in normal behaviour. If we come to the conclusion that our gold reserves are more than adequate as a proportion of our total reserves, we might feel we should sell some in order to increase our earnings and thereby reduce the taxes we have to raise.

Mr. Robert Simpson (Churchill): A supplementary question to the Minister of Finance, Mr. Speaker. Will the Canadian gold producers, then, be able to sell their product on any market in the world?

Mr. Sharp: Mr. Speaker, perhaps I ought to refer this question to my hon. friend the Minister of Energy, Mines and Resources. The position at the present time under the Emergency Gold Mining Assistance Act is that the mines are free to sell their gold where they will, but in order to obtain the subsidy that is available they must sell that gold to the mint. That will continue to be the situation. With regard to what happens to it thereafter, we will be governed by the agreement or the understanding that we have amongst central banks.

Mr. Lambert: A supplementary question, Mr. Speaker. Could the minister tell me, if he has the information, what proportion of Canada's gold normally goes to the mint? I understand that two of the major mines in the country do not deliver to the mint.

Inquiries of the Ministry

Mr. Sharp: I do not have that information, Mr. Speaker. Perhaps my colleague the Minister of Energy, Mines and Resources has it.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, there are now three mining companies that do not avail themselves of the legislation, merely because the cost of their production is inferior to that provided for by the regulations, that is it must be superior to $26.50 in order that the producer might avail himself of federal aid.

CRIMINAL CODE

POSSIBLE CHANGES IN PROPOSED AMENDMENTS

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I wish to put a question to the hon. Minister of Justice.

Did he, over the week-end, indicate publicly that his attitude had changed toward the amendments proposed to the Criminal Code?

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, there have been no changes in attitude. I have always said, since the bill was introduced, that the government would study with great care whatever judicious amendments are proposed.

[*English*]

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker. Would the minister advise the house whether when he was making these statements he was speaking as the minister—

Mr. Speaker: Order, please. The hon. member will recognize that it was difficult for the Chair to determine what statements the hon. member for Brome-Missisquoi was referring to. The rule is well known that no questions can be asked about statements made outside the house except by directing such questions to the Prime Minister to ascertain whether they represent government policy or otherwise.

Mr. Baldwin: Then may I rephrase my question to the minister, and preface it by saying I am referring to statements attributed to him in respect of amendments to the Criminal Code. I would simply ask the minister whether he does not think the house is sufficiently responsible and competent so he can take the house into his confidence before making further statements outside.

[Mr. Lambert.]

Mr. Speaker: Order, please. The question is not in order as asked; it is argumentative.

Mr. David MacDonald (Prince): A supplementary question, Mr. Speaker, to the Minister of Justice in connection with the possible revision of his proposed amendments to the Criminal Code. I wonder whether the minister and his officials would give consideration to my bill introduced today with regard to the abolition of corporal punishment.

[*Translation*]

Mr. Trudeau: Mr. Speaker, I am very interested in the substance of this bill. I think that question should be considered in another bill. It is clear that, with regard to the present bill, we can only accept relatively minor amendments which do not substantially change its contents.

[*English*]

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a supplementary question, Mr. Speaker. I should like to ask the minister whether any consideration has been given to dividing this bill, so that some of the non-controversial parts of it may be passed in a reasonable length of time.

Mr. Speaker: Order, please. This question has been asked at least once before in exactly the same terms.

HEALTH AND WELFARE

HOSPITAL AND MEDICAL SERVICES PAYMENTS TO PROVINCES NOT UNDER MEDICARE

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I should like to address a question to the Minister of National Health and Welfare and ask him whether after July 1 the federal government will be discontinuing payments for hospital and medical services to all the provinces not under the federal medicare plan.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I should like to take the question as notice, but so far as the medicare program is concerned to my knowledge there has been no change in the current practice with respect to grants to provinces. However, I should like to check it further.

ADMINISTRATION OF JUSTICE

TORONTO—REFUSAL TO PERMIT ARRESTED PERSON TO CONTACT LAWYER

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the Minister of Justice arising out of the report that a Miss Leslie Turner was arrested and held by the Toronto police for some hours before she was permitted to contact a lawyer.

In view of this further distressing instance, I should like to ask the hon. gentleman whether he would consider immediately amending the Criminal Code to spell out the right to counsel, without waiting for the charter of human rights to be enshrined in the constitution.

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, the hon. member seems to think that it will be a long time before the charter of human rights is proclaimed. I beg to differ. Besides, the amendment to the Criminal Code he is proposing is very important. Personally, I am trying without much success to get the house to pass a proposed amendment to the Criminal Code which was approved on first reading three months ago.

[*English*]

An hon. Member: Put it on this afternoon.

Mr. Trudeau: Yes, but would you pass it?

EXTERNAL AFFAIRS

RHODESIA—INQUIRY AS TO REPORTED GUERRILLA ATTACKS

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he is in a position to expand on the report on the radio news this morning to the effect that guerrilla attacks were being made on Rhodesia. Could the minister tell us where these attacks came from, and if there is any information as to the source of the logistical support for these guerrilla operations?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as yet we have no further information on this matter than that which the hon. gentleman has mentioned himself. There have been incursions into Rhodesia in the past, particularly at the end of last summer, but it is not known on what scale or how these latest alleged incursions have taken place. I am seeking more information.

CANADIAN CENTENNIAL

REQUEST FOR LIST OF RECIPIENTS OF MEDALS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): In view of the fact that we are approaching the end of this portion of the session, I should like to ask the Prime Minister about a starred question which I placed on the order paper ten days ago. Will he not table in the house a list of those who received the centennial medal, apart from those in the armed forces?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I shall be glad to answer this question on Wednesday. My right hon. friend asked for the list of names, and also the addresses of those on the list. Since there are some 15,000 names it will certainly take quite a long time to obtain the information, but I do not see why we should not try to get it.

Mr. Diefenbaker: As I understand the Prime Minister, the list will be made available on Wednesday, but may I point out that it should be accompanied by addresses. We must avoid medals falling down as did manna from heaven. Two or three centennial medals have been given to the same individual, and this should be avoided.

Mr. Pearson: I will be glad to deal with it as an oral question, but I would like to point out to my right hon. friend that in the past the lists of names of people to whom commemorative medals have been given have never been made public. However, that itself is no reason why it should not be done this time.

HOUSING

INQUIRY AS TO POSSIBLE CHANGE IN INTEREST RATE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I should like to direct a question to the President of the Treasury Board. In view of the imminent closing of the house and the continuing urgency for moneys to finance the construction of homes, I wonder whether the minister has any intention of announcing the government's policy regarding interest rates, and whether any extra provision is being made to meet this vital need.

Inquiries of the Ministry

Hon. E. J. Benson (President of the Treasury Board): Mr. Speaker, I find this question a little misleading. There are provisions for additional lending powers in the supplementary estimates for Central Mortgage and Housing Corporation. However, I should like to assure my friend that this year we will build more houses than have ever been built in a single year in Canadian history.

Mr. Thompson: May I ask a supplementary question. Is it the intention to increase interest rates on C.M.H.C. loans?

Mr. Benson: Mr. Speaker, this is not the case. As I have said publicly, I should like to see C.M.H.C. interest rate ceiling eliminated, so that people who want money for mortgages can compete in the open market. In this way we could get more private money into mortgages in this country. Now, if we want to subsidize interest rates this is an entirely different matter. It is something that would have to be brought up by way of legislation.

Mr. G. L. Chatterton (Esquimalt-Saanich): As a supplementary question may I ask the minister whether he is satisfied that the estimate of the number of houses that will be built this year will be within 20,000 of the number the Economic Council of Canada recommends?

Mr. Speaker: Order. This question is argumentative. One cannot ask whether the minister is satisfied or dissatisfied.

[*Translation*]

AGRICULTURE

QUEBEC—AGREEMENT RESPECTING CROP INSURANCE

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to put a question to the Minister of Agriculture.

Would he tell the house whether an agreement has been signed with the Quebec government in connection with the crop insurance plan now offered to Quebec farmers?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, such an agreement has not yet been signed, but negotiations are now proceeding and I think that it will be concluded this week or next week.

[Mr. Thompson.]

[*English*]

NORTHERN AFFAIRS

REDUCTION IN BUDGET FOR NORTHERN HEALTH SERVICES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is directed to the Prime Minister. On Friday I asked him whether he had received a telegram from Premier Manning regarding the proposed realignment of medical services for Indians. I was wondering whether he had received that wire now, and what reply he gave to it or to the premier of Manitoba.

Right Hon. L. B. Pearson (Prime Minister): Yes, I replied over the week end, on Saturday, Mr. Speaker, to the effect that I was discussing the matter with the minister concerned. I hope to send a more substantive reply within a day or two, which I hope will remove some of the misunderstanding which has been created.

Mr. Lambert: My supplementary question is directed to the Minister of National Health and Welfare. Is the minister in a position to indicate to the house the nature of the directive that went out to the regional directorate of the prairie provinces in connection with medical services for Indians, since the statement by Hon. Mr. Ross in the Alberta house indicates some grave discrepancies with the answer given by the minister?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): The communications which have been sent by the director general of medical services to the medical directors in the various regions in Canada are privileged documents. They are departmental documents, and I am unable at the present time to ascertain whether there have been communications that are not in that category. If so I will be happy to have them tabled.

Mr. Lambert: Is the minister suggesting that the letter from the regional director of the prairie region to the Alberta minister of health is a privileged document?

Mr. Speaker: Order. I would think that question is not in order. It is possibly the type of question which would have to be raised by way of a point of order.

Mr. Lambert: Then may I ask a further supplementary question. Would the realignment of the medical services to which the minister was referring include a reduction in the care of tubercular cases on Indian reservations in the prairie provinces?

Mr. MacEachen: There have been changes proposed in the directive with respect to the treatment of tubercular Indians.

Mr. G. W. Baldwin (Peace River): The minister referred to the directive being sent out by the director. Does the minister accept responsibility in general for the directive?

Mr. David Orlikow (Winnipeg North): Has the minister yet decided whether he will table copies of the letters which went out to the Indian chiefs from the department explaining the decision?

Mr. MacEachen: No, Mr. Speaker. As I told the house on Thursday and Friday, we have been conducting a review of this situation in an effort to reach the most satisfactory solution in so far as the Indian population is concerned. I hope to be able to make a statement on this matter within a day or so.

Mr. Robert Simpson (Churchill): In so far as the reduction of services is concerned, I should like to ask the minister if he can assure the house that the emergency transportation service will not be reduced in so far as Indian people are concerned.

Mr. MacEachen: There is no proposal to reduce emergency transportation service.

EXTERNAL AFFAIRS

GABON—INQUIRY AS TO STATUS OF DIPLOMATIC RELATIONS

On the orders of the day:

Mr. Heath Macquarrie (Queens): I should like to direct a question to the Prime Minister, prompted by the report of a recent statement by the Secretary of State for External Affairs which was made at Moncton. Can the Prime Minister advise the house if there has been any change in our diplomatic relations with Gabon since the press release was issued on March 4? Is it intended to have our ambassador designate present his credentials at an early date?

Right Hon. L. B. Pearson (Prime Minister): There has been no formal change. I hope this situation can be corrected. I hope we will soon be in communication with the government of Gabon to that end. However, we have not changed our attitude.

Hon. Robert L. Stanfield (Leader of the Opposition): May I ask a supplementary question. At the time of this incident I asked the Prime Minister if he would table in the house the letter which the government of Canada received from the government of Gabon. The Prime Minister indicated he was not sure whether such a letter had been received or whether there had been a conversation. In the latter case he would explore whether a memorandum might be tabled. So far as I am aware neither has been forthcoming.

Mr. Pearson: No, Mr. Speaker, we cannot table the communication from the ambassador without his permission. We have not secured that permission. If and when we are able to secure it we would also wish to table a memorandum which I should hope would explain the situation in a way that the one communication does not do adequately.

Mr. Stanfield: Am I to understand the government of Canada has requested permission to table the letter from the government of Gabon? Has a formal request been make for permission to table this letter?

Mr. Pearson: I have no objection to that request being made. I am not sure of the date it was made, but I will look into it.

Mr. Stanfield: I am at a loss to know whether the government of Canada has requested permission to table the letter, or will request permission.

Mr. Pearson: I said I would look into the date when that request was made.

FINANCE

LOANS BY BANKS UNDER FARM IMPROVEMENT ACT

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): My question is for the Minister of Finance. In view of the fact that the Commons will be recessing shortly, and the difficulty farmers are experiencing in obtaining loans under the Farm Improvement Loans Act, can the minister advise the house whether any steps will be taken to relieve this serious situation?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I find this such a general question that perhaps it could be rephrased in more specific form.

Mr. Southam: Can the minister advise the house what steps, if any, have been taken to relieve the serious problem of credit under the Farm Improvement Loans Act? This matter has been under consideration for some time.

Inquiries of the Ministry

Mr. Sharp: The cabinet has approved a form of legislation. I am not quite certain whether it can be introduced before the end of the present part of this session.

Mr. Donald MacInnis (Cape Breton South): My supplementary is directed to the Minister of Justice. Is his department going to take action against the Canadian banks for the conspiracy they are carrying on in connection with this very matter?

Mr. Speaker: Order. This question is not a supplementary. It may be related in some way, but I do not believe it is a supplementary question.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I rise on a question of privilege, and I shall indicate why the question is definitely a supplementary and in order. In this respect I call the attention of the house to a statement by the Minister of Finance. This statement appears on page 14281 of *Hansard* for March 21, 1967, at which time we were dealing with the Bank Act and the very situation which prevails today was outlined to the minister. In commenting on the situation at the time the minister had this to say:

> This is a highly hypothetical question and perhaps I should not even attempt to answer. There are strict provisions in the law against any such conspiracy as the hon. gentleman has described.

My question now, Mr. Speaker, based on the statement by the Minister of Finance at the time the Bank Act was before the house, is directed to the Minister of Justice. I would ask the Minister of Justice whether his department intends to take action to deal with this conspiracy as described by the Minister of Finance.

[*Translation*]

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, I do not know if this question has been placed before the judicial authorities.

[*English*]

Mr. MacInnis (Cape Breton South): I have a further supplementary question, Mr. Speaker. Since the answer given by the Minister of Justice—

Mr. Speaker: Order. What is this question supplementary to?

Mr. MacInnis (Cape Breton South): With your indulgence, Mr. Speaker, I had understood a further supplementary question was being asked by the hon. member for Mackenzie, and I remained in my seat only to find that another question was being asked.

Therefore, Mr. Speaker with your permission I should like to revert to the question and ask the Minister of Finance a question supplementary to the question that was put to but not answered by the Minister of Justice. Could I ask the minister what he intends to do about this particular conspiracy to which the minister himself referred?

[*Later:*]

Mr. Terence Nugent (Edmonton-Strathcona): Mr. Speaker, I have a question for the Minister of Justice. Now that the minister is aware of the statements made by the Minister of Finance in relation to the situation brought to his attention by the hon. member for Queens and the hon. member for Cape Breton South, would he take notice of the question and advise this house of the action he will take to make sure his department sees that justice is done in this regard?

[*Translation*]

Mr. Trudeau: Mr. Speaker, I shall consider whether this matter actually comes under my department.

[*English*]

FISHERIES

SEALS—ACCESS TO HUNTING GROUNDS BY HUMANE SOCIETY REPRESENTATIVES

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I had a question that I wanted to ask the Minister of Fisheries, but in his absence perhaps someone on the other side will take notice of it. Having in mind the opening of the seal hunting season I wonder whether the minister would indicate, in view of the public's concern, if representatives of the humane societies are being given access to the seal hunting grounds, and whether there will be any new regulations to meet the situation?

Hon. Arthur Laing (Acting Minister of Fisheries): Mr. Speaker, I will take notice of this matter and probably give an answer tomorrow.

HEALTH AND WELFARE

MEDICARE—REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I had been hoping to direct a question to the Secretary of State. On Wednesday last the hon. lady was good enough to say she would seek to ascertain the reason my question No. 727 had not yet been answered. I am wondering whether the hon. lady has obtained the information necessary in order that this question can be answered.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I understand that it will probably be answered later this week.

Mr. Fulton: Before or after adjournment?

Miss LaMarsh: Depending on whether we adjourn early or late.

Mr. Fulton: Mr. Speaker, I should like to ask the Prime Minister a supplementary question. Would the right hon. gentleman be good enough to take a look at question No. 727 and see if he does not agree with me that it specifically asks whether certain information is in the possession of the government, and, if so, that that information be given. Would the right hon. gentleman take a look at this question and see that the rules and customs of this house are maintained and that the privileges of members are protected by giving an answer to it without further delay?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have already looked at it along with other questions, and I should like to point out that many more questions have been answered in this session of parliament than in any other session in our history.

Mr. Fulton: Mr. Speaker, I was asking the Prime Minister whether he would see to it that this record is not spoiled by failing to answer question No. 727.

INDUSTRY

REVIEW OF DESIGNATED AREA POLICY RESPECTING ATLANTIC PROVINCES

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, my question is to the Minister of Industry, and it arises from his answer last week to my question regarding expansion of the operations of the area development agency to all parts of Atlantic Canada. Would the minister now state whether new legislation or any changes to the regulations are being proposed and, if so, when?

Mr. Speaker: Order.

[*Later:*]

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Industry with reference to the affirmative answer given to the hon. member for Halifax, as reported at page 7468 of *Hansard*, with respect to the designated areas in the maritimes. In view of the great interest and the new optimism this affirmative answer has created, will the minister say whether he would welcome new approaches by the mayors of the cities affected in this matter?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I am afraid the hon. member for Halifax has been scooped on his question, notice of which he gave me earlier. The answer to both interrogations is the same. The most recent report of the Atlantic Provinces Economic Council has not disclosed any new information or any new consideration which would lead to a revision of the program.

Mr. Bell (Saint John-Albert): Mr. Speaker, may I ask a question that naturally follows. Why did the minister say, as reported at page 7468, that yes, he was going to re-examine this matter of designated areas?

Mr. Speaker: Order, please. The hon. member for Greenwood.

Mr. Bell (Saint John-Albert): Mr. Speaker, on a point of order. Yes or no?

Mr. Speaker: Order. Would the hon. member kindly resume his seat. The hon. member asked the minister why the minister had said yes to a question previously asked. According to the rules this is certainly not a proper question.

Mr. Drury: Mr. Speaker, by way of clarification of my answer—

Mr. Speaker: Order. I suggest that unless the hon. member wants to rephrase this question this matter cannot be pursued.

Mr. Bell (Saint John-Albert): In order to be helpful, Mr. Speaker, I will take your advice and rephrase my question. Is the minister planning any new measures or to re-examine this matter of the new designations of Halifax, Saint John and Fredericton in the maritimes?

Inquiries of the Ministry

Mr. Drury: Mr. Speaker, consideration has been given, as promised, to the most recent report of the Atlantic Provinces Economic Council; and, as I say, the report has disclosed no new considerations. Consequently no changes in the program are contemplated.

Mr. Bell (Saint John-Albert): In other words, Mr. Speaker, the minister's answer now is no, whereas as reported at page 7468 he said yes.

Mr. R. Gordon L. Fairweather (Royal): A supplementary question, Mr. Speaker. Does not the fact that net migration from the Atlantic provinces reached a total of 103,000 in five years indicate there is new evidence?

Mr. Speaker: Order, please.

SOCIAL SECURITY

REPORTED STATEMENT BY JUSTICE MINISTER AS TO CHANGED BASIS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. May I ask the Prime Minister whether the Minister of Justice has been stating government policy in his call for future welfare plans to be put on a needs test basis rather than on a basis of universality?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will have to consult with the minister to see whether in fact he made any such statement.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—REQUEST FOR CONSULTATION BEFORE CHANGES MADE

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is to the Minister of Public Works. Two days ago the minister indicated that when the report of Colonel Churchill on the Northumberland causeway is completed the government will go ahead with its design and implement the program. Would the minister assure the members of this house that the government and officials of Prince Edward Island will be consulted before any definite decisions are made or any changes are made to the original causeway proposal?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, this is a pretty hypothetical question. I am not accepting the premise of the hon. member in which he sought to summarize what I said on the subject earlier. If he would care to rephrase the latter part of his question I would be glad to answer.

[Mr. Bell (Saint John-Albert).]

Mr. MacDonald (Prince): Mr. Speaker, it is obvious that the minister feels somewhat sensitive about this matter. However, I am not trying to play games, so I will quickly rephrase what I said. I am simply asking whether the government of Prince Edward Island will be consulted after Colonel Churchill makes his report.

Mr. McIlraith: Mr. Speaker, we have tried to keep the government of Prince Edward Island fully informed as to what we are doing in this matter, and to work in very close co-operation with them. I do not think it would be proper to give an undertaking that they will be consulted before we take a decision as to the detail of the design.

[*Later:*]

Mr. MacDonald (Prince): I have a question for the Prime Minister arising out of the answer given me by the Minister of Public Works. In the light of the statement that there might not necessarily be consultation in connection with the resumption of work on the causeway project, and in the light of the fact that changes might substantially affect the economy of Prince Edward Island, would the right hon. gentleman assure members of this house that the government of Prince Edward Island will be consulted before changes are implemented?

Right Hon. L. B. Pearson (Prime Minister): I should like to confirm what the minister said in this regard, Mr. Speaker.

THE MINISTRY

ACCEPTANCE OF FREE TRANSPORTATION BY LEADERSHIP CANDIDATES

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I want to ask the Prime Minister a question. Has the Prime Minister given consideration to advising those of his ministers who are running for the leadership of the Liberal party of the dangers and impropriety of accepting free transportation from those groups who have dealings with the government?

Mr. Speaker: Order, please.

VETERANS AFFAIRS

INQUIRY AS TO INCREASES IN PENSIONS AND DISABILITY ALLOWANCES

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): My question is for the Minister of Veterans Affairs. Now that the house has passed the supplementary estimates of his department, what further procedure is necessary in order to give effect to the promised 15 per cent raise in veteran's pensions?

Hon. Roger Teillet (Minister of Veterans Affairs): It is a matter of clearing up the supplementary estimates. Then they go to the other place for approval and royal assent.

Mr. Speaker: Order. I hope the hon. member will not pursue his question along those lines, because it would be clearly out of order to do so.

HEALTH AND WELFARE

STEPS TO DEAL WITH INFANT MORTALITY RATE AMONG INDIANS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): My question is directed to the Minister of National Health and Welfare. In view of the fact that the infant mortality rate among Canadian Indians and Eskimos is one of the highest in the world, I should like to ask the minister whether the government is contemplating any special program or course of action to deal with this problem.

Mr. Speaker: Order. The very important question raised by the hon. member is general and wide in scope. He is really asking for a statement which I suggest should be made on motions.

INDIAN AFFAIRS

REQUEST FOR RECONSTITUTION OF PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Prime Minister. Bearing in mind previous difficulties in obtaining answers to indicate the intention of the Department of National Health and Welfare with respect to medical care of Indian people, will the Prime Minister take the course of introducing a motion to activate the Indian affairs committee of the house so that committee might look carefully into this question?

Right Hon. L. B. Pearson (Prime Minister): The Minister of National Health and Welfare has already said he hopes to make a statement on this matter within a day or so.

INQUIRY AS TO PRODUCTION OF DISCUSSION DOCUMENT

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Indian Affairs and Northern Development. It relates to questions asked in the house some days ago in connection with a series of meetings which have been scheduled to deal with preparations for amendments to the Indian Act, and a document which is being prepared with respect to it. The minister indicated that he was prepared to table this document. May I ask how close we are to that event?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): I had intended to table the discussion document today, but I changed my mind and thought I would send it to all members of parliament together with a list of locations where meetings are being held and particulars of who are being invited.

Mr. Howard: Is this being sent to hon. members today?

Mr. Laing: It will be in the mail tonight.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Prime Minister. May I ask whether the heartwarming reference to the role of the monarchy made by the Minister of Justice in Victoria a few days ago represents government policy?

Right Hon. L. B. Pearson (Prime Minister): We all, with a few exceptions, make heartwarming references to the monarchy, and I hope we shall continue to do so.

Mr. R. W. Prittie (Burnaby-Richmond): Would the Prime Minister follow the lead of the minister of consumer affairs and make a public expression of his views on the shabby treatment Vancouver is getting from the National Hockey League?

Mr. Speaker: Order.

Supply—External Affairs

TRANSPORT

REPORTED BANKRUPTCIES IN CONSTRUCTION OF RAILWAY TO GREAT SLAVE LAKE

On the orders of the day:

Mr. Ed. Schreyer (Springfield): I should like to ask the Minister of Transport whether he has yet reached a decision on the request he received several weeks ago from hon. members asking for an investigation into the bankruptcy of construction firms which built the Great Slave Lake railway.

Hon. Paul Hellyer (Minister of Transport): Not yet, Mr. Speaker. This is one of the most complicated files I have had to look at, and I should like a few more days in which to consider it.

Mr. Schreyer: I should like to ask you, Mr. Speaker, whether it constitutes a breach of privilege for the minister to refuse to answer his mail.

Mr. Speaker: Order. If the hon. member will consult the precedents and authorities he will see that it does not.

FINANCE

PREPARATION FOR POSSIBLE DEFLATIONARY U.S. POLICY

On the orders of the day:

Mr. David Lewis (York South): I wish to address a question to the Minister of Finance. In view of the clear implication in the statement by the governors of the central banks, and in view of reports from Washington that it is intended to pursue a severely deflationary policy in that country, has the minister instructed any of his officials or other economic experts in the government to prepare for the possibility of a deflationary drawback in the United States which might affect Canada?

Mr. Speaker: Order. I suggest to the hon. emmber that this question is not in order.

BUSINESS OF THE HOUSE

OFFER TO FACILITATE PASSAGE OF BILL C-190

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the government house leader supplementary to the one I put to the acting leader on Friday last, as reported in *Hansard* at page 7699. Has the hon. gentleman yet made arrangements for the house to deal this week with Bill C-190, to amend the Patent Act and the Trade Marks Act, and possibly one or two other items which have been mentioned?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker, arrangements have not yet been made with respect to any of those items. Any such arrangements would depend, naturally, upon the length of time required to debate any one or all of them.

Mr. Knowles: Will the minister call a meeting of the house leaders, or negotiate the possibility of these measures being dealt with during the present week?

Mr. MacEachen: Yes, Mr. Speaker, I shall be glad to do so.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: Supplementary estimates of the Department of External Affairs for 1967-68, vote No. 10c.

DEPARTMENT OF EXTERNAL AFFAIRS

10c—Construction, acquisition or improvement of buildings, works, lands, equipment and furnishings, $1,464,000.

Mr. Stanfield: I should like to make a few remarks, briefly I hope, on one aspect of the program of this department, much of which seems to be in a state of flux these days; at least that is my impression from the statements on various matters made by the contestants on the other side of the house. As a result I am a little confused as to the government's attitude toward a good many aspects of external affairs. Nevertheless there is one important part of this subject about which I should like to say something; it is the subject of foreign aid.

I assure the Secretary of State for External Affairs that my remarks are not intended to be critical. They are meant, rather, to be helpful.

• (3:30 p.m.)

It may be thought by some that this is a strange time to talk about external or foreign aid when we have internal financial strains, a considerable amount of unemployment, undeveloped areas in our own country, poor housing, poverty, and obviously much to do at home, more than we can hope to do satisfactorily in the immediate future. Why then

talk about foreign aid at this time? In addition we have the international monetary problem, an international crisis relating to international currency, balance of payments problems, our own exchange problems and, of course, increased foreign aid could add to these problems.

Why then do I pick a time like this to speak very earnestly to the committee on the subject of foreign aid? Clearly, Mr. Chairman, because I believe that one must. I believe that the importance of this subject places even greater emphasis on the importance of handling our own economic problems intelligently and effectively so that we are in a position to increase our foreign aid. I think it adds even greater importance to the question of the resolution of the international problems of liquidity and exchange so that the western world, the developed world as a whole, will be in a position to increase its foreign aid. Clearly we must do better at home and abroad.

I am not raising this matter today from the point of view of charity. I am raising it as a matter of enlightened self-interest. I suggest that we and all the developed countries of the world must do more than we have been doing to help with the problems of overpopulation, hunger, and distress.

To anyone who looks at the prospects they are alarming and the statistics are certainly frightening. The statistics of world economic disparity are striking. The minority of the nations which are rich, possessing about 75 per cent of the world's wealth, have only about 25 per cent of the world's population. The proportion of the total population living in the less developed countries is going up as the death rate declines and the high birth rate continues. I understand it has been estimated that by 1975 the number of dependant children in the underdeveloped nations in the southern half of the globe, children under 15 years of age, will alone equal the total population of the developed nations of the world.

But statistics themselves convey nothing of the deprivation and the suffering which render millions of lives purposeless, barren, tortured and wasted. The humanitarian arguments for improved foreign aid need no recitation but there are other arguments at least equal and perhaps even more compelling, and it is to those that I want to refer briefly.

I think it is widely accepted by those concerned with international affairs that in the long run the growing disparities of economic status of people will lead to increased conflict and violence in international politics. I think it is agreed that the pressures of poverty are explosive, and it is natural that these pressures become even more intense when the growth of population and of expectation persistently outstrip the growth of food supplies, the growth of productivity and the growth in opportunity.

I say that if we are serious in our pursuit of peace we must confront the causes of conflict. To the degree that a peaceful world is essential to our own growth and expansion, and surely it is, we must be prepared to invest in the long-range stability and growth of the less developed nations. Therefore if we might choose to ignore the moral imperatives of inequality we cannot escape the economic and political consequences if the inequality persists and even grows. To decline to accept our responsibility to less developed countries is to invite a violence from which we will all certainly suffer.

Our aim must not be merely to increase the flow of funds, because funds can be as badly spent abroad as they are sometimes at home, though I am not making anything of that. Other countries have had unfortunate experiences with foreign aid which produced only rusting machinery and sometimes ended up in Swiss bank accounts. Our real success will be registered not simply in terms of the dollars we spend but in terms of the development which Canadian aid makes possible. Our guiding concern must be to promote those aid programs which will encourage the kind of capital investment necessary to create permanent increases in national income in the country assisted.

Our goal must be growth. I believe that an approach based on improving the rate of growth and the rate of productivity of less developed nations will make sense to most Canadians because it is a principle we have applied here at home. We are one of the few countries in the world which, after all, was formed with has followed the determination to use the wealth of the whole community to improve the productivity of the parts. We have not altogether succeeded but we have embodied this principle in our approach to equalization throughout our own country. We have followed that practice in Canada in the long run interests of all of us. Now that must be the basis of our approach to international aid.

Let me say, Mr. Chairman, that I understand and believe Canada's external aid program has improved in recent years. But I do not think we yet have any real cause for satisfaction when we compare our record with others, and certainly with the requirements of the countries depending upon us for assistance. We do not have any particular cause for pride when we compare our record with those of other developed countries. I think that until recent years we have been behind but I understand we have recently been coming forward.

If we are to assume our proper role in the international community I believe we must assign a high priority to foreign aid. I do not think we can regard it as a luxury or as a symbol of our generosity or as a means to prime the pumps of international trade. Instead I think we should see it as a very vital element along with trade, finance, defence, and other functions in an integrated Canadian foreign policy.

It is misleading to suggest there is any necessary conflict between the requirements of defence and diplomacy and the requirements of foreign aid. They surely share the common goals of international peace and security.

Mr. Martin (Essex East): Hear, hear.

Mr. Stanfield: Obviously security includes the maintenance of an efficient military force and traditional military activity. But surely it also includes the sort of thing I am talking about, and where the purposes are common surely it can be possible to develop policies which are consistent and complementary.

As a beginning to a new approach to foreign aid we must abandon the idea that in a world of major powers the contribution of a relatively small country like Canada can never amount to very much. On the contrary, I think we have many advantages which the large powers do not share.

• (3:40 p.m.)

As I understand it, and the distinguished Secretary of State for External Affairs will correct me if I am wrong, the total flow of external resources available as aid from the developed countries of the world has actually gone down in real terms over the last five years. I am not speaking about Canada but about the developed nations as a whole. As a percentage of the gross national product of the wealthier countries foreign aid has also gone down. It has gone down owing to the fact that over this period of five years the interest payments and the debt charges generally that the underdeveloped countries have had to pay have been eating more and more into the gross assistance they have been receiving, thereby further reducing the net assistance they have been receiving. In addition, there have been frequent and substantial erosions of prices of important primary products upon which the countries depend. I suggest, of course, that we must do more, as Mr. Strong has suggested, in terms of management effectiveness on the part of the donor and on the part of the recipient countries. We must give this high priority in order to help combat the cynicism and disillusionment with regard to external aid. I think that we must also do all we can to improve the terms of trade and opportunities for trade between the underdeveloped nations and the developed nations. I believe also that we should do all we can in association with other developed countries to reduce the very wide fluctuations which exist in respect of the foreign exchange earnings of these countries over relatively short periods of time. It would seem to be obvious that over the whole field we must do more to support research in the area of aid in terms of where it can be most effective in respect of results achieved and so on.

I do not oversimplify this problem, Mr. Chairman. I do not think for a moment that it will be simple to reduce substantially the disparity between the underdeveloped and the developed nations or that anyone has a simple cure-all in this regard. I do suggest, however, that we must make a greater effort than we have been making and must invite our friends and allies to make a greater effort also. I repeat again that to do this we must achieve a certain rate of growth in our own economy. But I understand that to double the net flow of assistance to the less developed countries would require only the increase in the gross national product which the major donor countries as a whole achieve every seven or eight weeks. In other words, in order to double the amount of assistance coming from the highly developed countries of the western world it would be necessary only to allocate the increase in gross national product that we achieve over a two-month period. The central question which confronts us and all developed countries, therefore, is whether or not we have the will and the sense of priority to do this.

I understand that our aid now is running at the rate of about three-fifths of one per cent

of our gross national product and that we have undertaken to move it up to one per cent in the early 1970's. I must say that I am pleased that Canada is moving forward in this regard. I wish to say in all sincerity, however, that I still do not think that we have any particular cause for satisfaction. I understand also that my friend the Secretary of State for External Affairs ordered a complete review of our aid program a year or so ago and that this is under way. There will be another opportunity to discuss where the emphasis should be in our program and the methods we should use. I have expressed some views on this point outside the house and it is not my purpose to go into it today in the short time I hope to take.

My purpose today is to stress the importance of this program because of the grave and growing dangers that are developing in the world and because of the inadequate efforts being made in this regard by the developed countries as a whole. Second, I wish to emphasize the necessity of our achieving a fair rate of economic growth on our own so that we can take care of our poverty programs within Canada and do what we ought to be doing in the external aid field. I do not suggest that we abandon arrangements for collective security. We have a part to play in this regard and I hope we will continue to play it even though we may wish to revise our role from time to time. But I do not think any of us can think in terms of peace and security, in terms of armed alliances or in terms of collective security only. I should like to quote what I think is a very fine statement in this regard made by the former secretary of defence for the United States, Mr. McNamara. At pages 39 and 40 the statement reads as follows:

> Thus collective security remains the foundation of our defence policy.

This has reference to the United States of America.

> Ultimately, however, true international security will be found only in proper relations among states, not in hardware. This was my theme at Montreal two years ago, and I would emphasize it again now. If we look ahead towards the last quarter of the twentieth century, the world's overwhelming security problem will be the establishment of a proper relationship between the developed and well-fed societies and those which are hungry and neglected. This relationship will have to include a collective effort by the modern, technologically efficient, developed world to help the underdeveloped world to a decent existence. That task will require the devotion of political and economic efforts far surpassing any in which we now engage.
>
> To provide the needed effort, the developed world will have to compose its internal differences by agreement, not by coercion, and to organize itself for the common job to be done. It seems the lesson of human history that nations will join together effectively for such great efforts only when a common danger to their security is perceived. We must do our best to prepare ourselves and our friends, and even those who think of themselves as our adversaries, for the day when they perceive the common potential danger to our security of a hungry, angry, dissatisfied, and impatient majority of mankind. We in the United States must stand ready to co-operate in all those areas in which progress towards a safe, more humane global order can be made. Our security, and the quality of life within the United States, demand it.

And so say I, sir, for Canada. We may differ in respect of how much we should spend in support of this or that form of collective security or defence arrangement generally, but we and the other developed countries of the world must do more than we are doing to ease what clearly is becoming the greatest threat to international peace and security. I suggest that there are other ways in which we must be prepared to enlarge our international precipitations and participations. For example, we all breathe the same air and, of course, quite properly have been excited from time to time about the amount of fall-out and the danger from the fall-out from nuclear explosions. But there are, of course, many other forms of pollution developing which are a menace to health and life. Pollution develops in a variety of forms, many of which may seem remote to us at the moment, but I suggest that we should be participating with other nations in areas of research in order to forecast these problems and arrive at solutions. There are many such areas, but today I am speaking about external aid.

• (3:50 p.m.)

I believe that too many of our citizens and people of the world think of external aid in terms of charity whereas actually it is a vital and increasingly important part of foreign policy. I believe that one of the most depressing developments in the world in recent years has been the downgrading of foreign aid and the failure of the western nations to assist adequately in developing plans. I think the fact that in real terms the effort in foreign aid of the western nations has declined is one of the most depressing aspects of recent years.

Viet Nam is a great tragedy and we see its wide and unfortunate repercussions. We all

fervently hope for a solution and we should all work for a solution to eliminate the tragic suffering. However, I suspect that the historian writing in the year 2050 will regard the tragedy of Viet Nam as being in fact overwhelmed in importance by the tragic neglect of the underdeveloped world in our day and generation and the resulting contribution we will all have made to the forces of hunger, frustration, anger and catastrophe. I suspect that the historian of the future will note how ready we all are to protest in righteous indignation when we see some act of injustice perpetrated in another part of the world. No doubt our indignation is usually well placed and perhaps sometimes it does some good. No doubt it often makes us feel better, and it costs so little to protest in comparison with doing something effective to reduce the causes of desperation and incipient violence in the world.

Mr. Brewin: Mr. Chairman, I should like to say at the outset that I was very happy to hear the words of the Leader of the Opposition and the emphasis he has put on the importance of increased economic or external aid. I agree with him that we are not doing enough and I hope that his words and the views of this house will be translated into a larger and more effective system of external aid. Some of my colleagues may discuss this matter further. I wish to discuss two matters of great importance at this moment in international affairs, and I refer to the NORAD treaty and the war in Viet Nam.

To deal first with perhaps the less important of the two, the question of NORAD, the government has indicated quite clearly its intention to renew the NORAD agreement which expires in May of this year. The other day I was questioning the Secretary of State for External Affairs during a committee meeting about what commitments Canada would be involved in by reason of the renewal of the NORAD agreement. The minister suggested, I think not before the committee but in a speech he made later, that those who questioned the need for Canada to unite with the United States in a joint scheme for defence against the manned bomber were irresponsible. Without, I hope, being at all offensive to the minister I want to throw the charge of irresponsibility right back at him. I cannot imagine anything more irresponsible than the course being pursued by the minister and, the government at this present time.

The government proposes to involve the Canadian people in a continuing expenditure of approximately $140 million a year on an anti-bomber defence. I know very well that the minister says that NORAD does not involve Canada in any actual or precise commitment. This no doubt is legally correct, but this country and this house are entitled to something more than mere legal quibbling. Of course the minister knows that the renewal of the NORAD agreement involves a moral obligation to continue the present anti-bomber defence and probably a new system of anti-bomber defence which may be substituted for the present system at the instance of the United States. Yet this lame duck government proposes, without any attempt to consult parliament, to impose an onerous burden on the backs of the Canadian people. A conservative estimate of that burden is $1 billion.

Mr. Martin (Essex East): Mr. Chairman, I am sure my hon. friend does not wish to convey the impression that the government does not intend to put the matter before parliament. This question was asked of the Prime Minister by my hon. friend and he said that the government had to take its responsibility but that it would submit its policy to parliament, as we would always do in respect of these matters.

Mr. Winch: As a *fait accompli.*

Mr. Brewin: Mr. Chairman, the minister will have the opportunity to answer me. I do not regard what he has said as a question. If he wishes to ask a question I would rather he do so. If he does not I hope he will make his speech later. I have only so much time to present my point.

In answer to the minister's comment let me say in all seriousness that of course the government will come to the house after the *fait accompli*, after the new agreement is signed, and say that they want a vote of confidence on foreign policy. Assuming that we are not prepared at that time to turn out the government, the house will be bound to accept what has been done in its name. I suggest it is irresponsible on the part of the government to commit us to this type of expenditure or treaty, binding us to a $1 billion burden in the future, without first of all fully explaining the matter to this house. The government has failed to do this.

The minister pretends it is obvious that there is a continuing threat from manned bombers; yet neither he nor any member of the government deigns to discuss whether or not there is a real threat. The former minister

of national defence, now Minister of Transport, knows better. As long ago as March of 1964 the minister referred in a white paper to the diminishing threat of the manned bomber.

In 1966, less than three years ago, as I indicated to the house last week, Mr. McNamara said that our anti-bomber defence was vulnerable to missile attack, that the threat of manned bombers had never developed as anticipated and, to use Mr. McNamara's own words, "without an unattainable A.B.M. system no air defence system could provide significant damage limiting capabilities". The damage limiting capability is the only purpose there could possibly be for any air defence system. I suggest that if it is impossible to provide such a system without the installation of an A.B.M. system, which Mr. McNamara says is unattainable, what he is saying in plain English is that the system is a waste of money and cannot perform the purpose for which it is designed. If this is so, who is irresponsible, the person who questions this useless waste of money or the government which is about to saddle the Canadian people with it without even a statement to parliament or an adequate debate on the subject? The minister of course, tries to cover up the matter by misrepresenting his critics. He suggests that those who oppose this anti-bomber system are thereby opposed to any contribution to the air defence of North America or any co-operation with the United States of America. Let me ask if there is any reasonable person who is opposing any form of air defence or co-operation with the United States of America? There is, of course, no one who does so. The critics of the anti-bomber defence system do not say that Canada should not contribute to the surveillance of the air space of North America. We do not say, if there is any reason to do so, that it should not be done in co-operation with the United States.

• (4:00 p.m.)

The minister suggests that to protect Canadian sovereignty it is necessary that Canada should participate in this United States anti-bomber defence. But if there is no real bomber threat—and it is to this that I direct the attention of the minister—what has an expensive system to repel it got to do with Canadian sovereignty? The precise reverse is true. If Canada is to be a genuinely sovereign nation then she must question for herself and use her own judgment as to the utility of proposed defensive systems and she must be prepared to refuse to accept blindly the judgment of the Pentagon. This we must do if we are to have a true understanding of Canadian sovereignty and not merely accept systems of this sort at the request of others.

But the all-important issue in international affairs today is not NORAD; it is Viet Nam. I want to discuss Canada's responsibility in regard to Viet Nam. There is perhaps one aspect of this tragic situation from which we can draw some comfort. It is that television and modern means of communication have brought the horror and futility of war closer to the minds and hearts of people all over the world than ever before. All over the world today people are discussing with deep concern the war in Viet Nam. Out of this concern I believe there is growing, and it will grow especially among the younger generation, a new determination to abolish war as an institution, a new realization that in the nuclear world we must construct a world community or perish. Perhaps that is a Utopian aspiration. Let us concentrate instead on the immediate problems of the war in Viet Nam, because if we do not end that war there will not be much future for the human race to speculate about.

We have been absorbed in this house in the last few weeks in the discussion of economic and financial affairs. There are some who are bored when we insist on discussing Viet Nam. Yet today, quite apart from historical questions, quite apart from the individual agony of those who are dying, quite apart from the threat to world peace, the very financial crisis we have been discussing, which is faced by the whole western world, finds its roots in the enormous waste of resources in Viet Nam on the part of the world's wealthiest nation.

The Minister of Finance reminded us of this the other day. I say to this committee that the struggle in the jungles, swamps and mountains of that remote nation in southeast Asia is closely linked with the destiny of all of us. We in this party have therefore no apology to make for the fact that for many years we have through continuous questions and interventions in debate tried to keep to the fore what we think is Canada's responsibility in connection with the war.

This tragic, barbarous war goes on in the name of the defence of freedom of a nation from the threat of communism. The people of that nation are being destroyed by the tremendous weight of fire power. Their way of life is being corrupted and ruined. Although

half a million American troops have been sent to Viet Nam, General Westmoreland is calling for another 200,000, to be matched no doubt by further escalation on the other side. The military victory promised so often by optimistic American generals and politicians is no closer. The weight of bombs dropped on Viet Nam, both North and South, exceeds the bombing of all previous wars. But it is still not enough; further escalation is advocated. Yet the U.S.S.R. and China have made it clear, however unwillingly, that they are prepared to compete in giving military aid to North Viet Nam.

For every American escalation there promises to be a counter-escalation. The situation has even gone so far that there are rumours of demands for the use of tactical nuclear weapons in Viet Nam. Such use has been described by the Prime Minister, amongst others, as madness. But who is sure that madness will not take over as the war continues and frustration grows? The Viet Nam situation poisons international relations throughout the world. Progress to a detente in Europe is suspended. I want to sum up the situation by quoting the words of a well known American historian and writer, Theodore Draper. These words come from an article in *Commentary* of March, 1968:

> The American war in Viet Nam—

I emphasize the words, "The American war in Viet Nam."

> —is a political debacle, a military folly and a moral disgrace. It has become a war to save American pride and prestige, not to save the Vietnamese people from communism or anything else. As long as the only thing that stands between the Vietnamese people and communism is the huge American army of occupation, the U.S. is buying time for South Viet Nam at exorbitant cost. The conditions which breed anti-Americanism are being burned into the Vietnamese consciousness more and more deeply and as matters stand now the communists will be the long term beneficiaries.

That is precisely the viewpoint that we in this party take with respect to the continuation of the war, namely, that it is aiding the cause of communism and taking away from the cause of American or western security. On November 16 the external affairs committee had before it as a witness a Buddhist monk, Mr. Thick Nhat Hanh, formerly director of the School of Youth for Social Services in Saigon, I think. He told our committee that the sheer weight of physical suffering is almost beyond comprehension and the tragedy is increased by the fact that probably well over half the casualties are civilians and children. There had been, he said, a great deal of talk about peace and negotiations for peace but there has been very little reality behind it.

[Mr. Brewin.]

We in this party have clearly and consistently stated our view that American intervention in what was essentially a civil war has been without moral or legal justification. What is more, from the beginning we have said that it was doomed to futility. We have felt that so far from stopping communism, which was its avowed aim, it has been of tremendous aid to communism. Far from adding to American security it has undermined and will continue to undermine American security. The effort by force of foreign arms to dictate the future of Viet Nam has been a mistake, indeed, a hideous and tragic mistake.

However, it may be said that there is not much to be gained by discussing the past. One's emphasis should be on ending the war. As the Secretary of State for External Affairs has stated on numerous occasions, and I heartily agree with him, there is no way to end the war except by negotiation, or possibly by the total extermination of the people of Viet Nam, although I doubt if that would really end the war. It can be ended in only one way, by negotiation.

At the federal convention of the New Democratic party held in July we made this statement:

> We join with U Thant, with world religious leaders and with leading Americans in urging the unconditional cessation of the bombing of North Viet Nam as an essential preliminary to negotiations. We urge the government in Hanoi to indicate clearly its willingness to enter into negotiations when the bombing has ceased.

• (4:10 p.m.)

Since that date the secretary general of the United Nations has sounded out opinion in many countries, and he said quite recently that, in his opinion, if the bombing were stopped North Viet Nam would enter into meaningful negotiations within two weeks. Other sources have reported the same thing from Hanoi, namely, that Hanoi is ready to negotiate if the bombing is stopped. I say that despite the many protestations of a desire to negotiate on the part of the United States administration it has not stopped the bombing of North Viet Nam, and therefore the onus for the failure to negotiate seems to us to rest directly on the United States administration.

What then can be done to change the attitude of the United States administration? Obviously the responsibility for a change rests upon the American people themselves. We can urge the Americans to put pressure on their government, and we do not think we would be appealing in vain. According to a recent Gallup poll, 49 per cent of the American people now believe that the American intervention in Viet Nam was a mistake. We, in this party salute the courageous stand of Senator McCarthy against the administration. We rejoice at the support he is getting. We acknowledge that many distinguished senators and writers in the United States have urged a change in policy. We know that the American churches have spoken out. We know that a great number of the younger generation in the United States vigorously oppose the war. We recognize the difficulty in wartime of opposing government policies, and the charges of disloyalty and lack of patriotism which result. We know that it is difficult for a great and powerful country to admit that it is wrong. To do so is to think the unthinkable, and this of course is no easy operation. But I want to say that the friends of the United States, and they include the vast majority of the Canadian people, should not be afraid to make it clear where they stand on the question of ending the war in Viet Nam.

To admit a mistake and to rectify it does not always cause a great nation to lose prestige. Algeria, as many hon. members know, was for many Frenchmen far closer to their vital interests and the essential prestige of France than Viet Nam can ever be to the United States. French lives and French treasure were spent on an effort to maintain the proposition that Algeria was an integral part of France. Yet General de Gaulle, the incarnation of French pride and French nationalism, as I think he would call himself, pulled France out of Algeria. Has the prestige of France suffered by reason of this act of belated wisdom? Is the great United States of America desirous of lagging behind General de Gaulle in statesmanship because of its national pride? I suggest that the people of the United States can and will persuade their government to change its course, and I think it is up to us, their friends, to urge them to do so.

Another thing that could be done, which has been recommended in questions put in the house by my colleague and friend the hon. member for York South, is to ask that this matter be inscribed on the agenda of the security council. It is true, of course, that the security council perhaps cannot take action. It is true that North Viet Nam is not a member of the United Nations and does not acknowledge it jurisdiction. But the security council is charged with the responsibility of maintaining the peace of the world. At this crucial moment of threatened escalation, the security council could be the voice of the world's morality, if not legal authority, and we urge that this matter be brought forward for immediate discussion there.

We realize that dissent, however mildly or vigorously expressed, is not enough. It is not enough for us to recommend action to others, and Canada, despite the mild dissent expressed recently in government pronouncements on the subject of Viet Nam, is itself implicated in the conflict. It is implicated by the growing sales of war materials under the defence production sharing agreement. Canada is profiting from the war and compromising her neutrality. Under the defence production sharing agreement no control by means of export permits is exercised in respect of the use or dissemination of Canadian war materials. There is not the slightest doubt that much of the war material exported without control and without any attempt to impose control is finding its way into the hands of one side in the fighting in Viet Nam.

The original defence production sharing agreement was undoubtedly partly for Canada's benefit. It was a natural agreement to make with a close ally. But Canada is not and cannot be the ally of the United States in Viet Nam, and I suggest we must retake control over our exports of war materials. There is only one way to do it and that is by abrogating the defence production sharing agreement.

Some people will say that this is no more than a gesture and will in no way slow down or affect United States operations in Viet Nam. This may be true, but I think it would be an extremely important gesture. It would at least make clear to the United States government and people that Canada is prepared to do something to indicate that she is not an ally in the disastrous involvement of the United States in Viet Nam. I have no doubt it would cause a lot of hard feeling in administration circles but I believe that in the long run it would earn the respect of the American people.

If this is not enough we must look further. We in Canada control certain strategic materials. If the war continues we can and should impose selective embargoes on such materials going into a war which we cannot approve. It may be said that such an action would be unprecedented treatment of an ally. This is not so. Canada has already limited the export of strategic materials to Portugal, one of our NATO allies, on the ground that these materials might be used in colonial wars in Africa rather than for NATO purposes. Someone might say that the United States is not Portugal, and I agree, but it was only the other day that the Prime Minister, in referring to Gabon and France, said that the Canadian government does not distinguish between large and small nations in such matters. I suggest that we may well have the obligation to show what we believe and to act in accordance with the principles we have enunciated with regard to Viet Nam by taking the steps I suggest.

To sum up I wish to quote the words of a recent resolution passed by the federal council of my party because I think they represent the view which we want to put before the Canadian people. It reads as follows:

> Canada should not be an accomplice in an undeclared war that is destroying a people, endangering the peace of the world, poisoning international relations, and is against the interests not only of Viet Nam and Asia but of the United States and of the whole world.

We make this pronouncement as the firmest friends of the United States because we believe that it is in their interests, in our interests and in the world's interests that they stop the bombing, get on with the negotiations and put an end to this disastrous war.

Mr. Thompson: Mr. Chairman, I realize that we are dealing with the year-end estimates and while we are grateful for this opportunity to speak on external affairs, this is not the time for a prolonged debate. I had intended to be brief but in view of some of the remarks which have just been made by the hon. member for Greenwood I think it is necessary that I add a few remarks regarding Viet Nam at least to balance the record. As a matter of fact, I was quite amused as I listened to the hon. member's passionate appeal on behalf of Viet Nam, but I respect his sincerity. However, I fail to understand how he could overlook certain facts which are completely at odds with the argument he has advanced. I remind him that it was not the United States that started the Viet Nam war any more than it was the United States that started the Korean war.

• (4:20 p.m.)

When we look at the facts we must look at them for all sides. There is no one in this house who does not want peace. There is no nation in the world, except probably some communist nations which are making use of strategic revolutionary wars such as the one in Viet Nam, that does not want peace. But we will never have peace in the world by blithely following along with what seems to be the strategy of communist nations in abetting revolutionary wars in order to further their own aims. They seek to replace what they call the imperialistic, colonial western world.

It is interesting to note that the Prime Minister of Great Britain, who more or less follows the same ideological philosophy as the New Democratic party, has repeatedly taken a stand with the United States in its policy of containment so far as the communists are concerned in southeast Asia. Even the former foreign minister of Great Britain, who resigned the other day not over a difference in foreign policy but because he had not been consulted by the prime minister on financial policy, took the same general stand when he had responsibility in this field. I was interested also in reading the other day that Mr. Edward Heath, the leader of the Conservative party, had sounded a warning to the free world during a speech in parliament. He said that if the United States should now pull out of Viet Nam the immediate consequence would be increased Russian pressure on the Middle East and Berlin. In addition, he said that a defeat or a withdrawal from Viet Nam would weaken American morale and cause political pressures toward a withdrawal from world responsibility, bringing serious repercussions in regard to the United States role in Europe. He went on to say:

> If the United States will were to break, the impact on South Viet Nam of even further slaughter would be obvious, but the impact on southeast Asia would be just as wide.

It is interesting in this regard to note that nothing is said by the New Democratic party about the tens of thousands who lost their lives in the recent New Year's offensive by North Viet Nam. This occurred at a time when the people in the towns and cities thought they were celebrating the New Year's truce. People were literally slaughtered

wholesale, but nothing is said about that. Mr. Heath went on to say:

> This is where the question comes back to our door-step . . . This is the importance of what is happening out in the Far East, not only to those likely to be affected but to this country.

There are many responsible people in the world who realize that the situation in Viet Nam is a very complicated one. I would be the first to agree that we cannot go on as we are going now. As soon as possible a means must be found to stop the warfare there. But I say also that the war will never be solved simply by the withdrawal of the United States and permitting communist North Viet Nam to take over the 14 million people in South Viet Nam without any regard for their sovereignty.

It is very interesting also that as a result of the recent offensive in Viet Nam the communist movement in southeast Asia has really overstepped itself. The domino theory is working but it is working in reverse. The national leaders of countries fronting on communist China are now recognizing, if they did not recognize it before, that it is not American imperialism but communist aggression that they face in Viet Nam. Viet Nam is simply the theatre of conflict between the two world forces of communism and democracy. They are locked together in a life and death struggle.

I had occasion last year to visit most of the countries fronting on communist China. I talked to the heads of government and various officials. In no case, all the way from Japan to Malaysia, did I find any government leader expressing the belief that the problem would be solved by the United States pulling out of South Viet Nam. In fact, when Britain decided to remove her own forces from southeast Asia we saw how rapidly some of the leaders of these southeast Asian countries asked Great Britain not to move out because she would be leaving a vacuum there that could not easily be filled. I am thinking particularly of the prime minister of Singapore who, as the leader of that strategic area, understands communist policies in that part of the world. These countries will be influenced by recent communist activities in northern Laos, in Thailand and even in little Cambodia. They realize that what the hon. member for Greenwood would describe as United States aggression in South Viet Nam is in reality communist aggression which is evidencing itself in those countries as well.

Consequently, Mr. Chairman, these countries recognize that freedom is at stake not only for the 14 million people of South Viet Nam but also for the 250 million people in the countries along the rim of China. They do not want communism but they do not have the resources to defend themselves against it. The most immoral thing the allied nations could do in the light of the developments in Asia today would be to abandon these people, thus rewarding communist aggression by sacrificing the freedom of these people. So, Mr. Chairman, as I say there are two sides to this question. While we want peace, and we in Canada must use the peculiar position we hold in the world to work for peace, we cannot believe we will ever gain peace by compromising the rights of individuals and our respect for autonomous nations. All these things should be guaranteed to such nations, no matter how small or how strong they may be.

Leaving that subject, Mr. Chairman, I must say how pleased I was to hear the remarks made by the leader of the official opposition this afternoon in expressing the policy of his party with regard to foreign aid. I believe this is a very vital subject. Our aid could be of a very unique type. While we can learn from the mistakes that have been committed by wealthier countries, we are not yet carrying our full responsibility in regard to the underdeveloped countries.

We have heard it said many times in recent months that the greatest problem in this country is unity. I should like to say a few words to those people who believe that national unity is our major problem at this criticial point in our history. I am convinced that we will find the problem of unity far less acute if we face up to the challenge to Canada to play her true part in the world family of nations. We are a nation such as every ex-colony would want to be. We have inherited stable and sometimes respected but sometimes not so respected institutions. But at least we certainly have greater stability of government than most nations in the world. Our people have the education and skills that make the difference between poverty and wealth in the industrialized world of today. One third of the world's people faces starvation and famine and another third is undernourished but we in Canada have abundance. Our problem is not how to produce wealth but how to bring it to those in our own land and elsewhere who are in need of it

Supply—External Affairs

• (4:30 p.m.)

Our nation is living proof that people do not have to accept a police state in order to have enough to eat. It is living proof that personal freedom and private initiative can deliver the goods while the best laid five-year plans of other nations end in failure. Across the world the people of the underdeveloped nations, the former colonies, can see in our nation how development can take place under freedom. We in Canada have a responsibility to make known to these people on the practical level the secrets of our success. It is up to us to demonstrate with action, not just with words, that our way of life, our dedication to service, which have been the means of providing us with so much, will also do likewise for them.

What we teach and demonstrate abroad, Mr. Chairman, we must substantiate at home. I do not think it is too ideal an objective when I say I believe Canada can lead the world in recovering a sense of unity among peoples. However, such unity will only be recovered by the rediscovery of conscience and an awareness of our own responsibility to each other. Canadians as a people must come to realize the changing character of the world and must help their country to play a leading role in resolving some of the great questions facing the future of man. Only if the individual citizen is concerned and involved with the problems of the world will his nation do anything of significance. Therefore every citizen has an obligation to inform himself about the world and, in one way or another, become involved in it. I hope that the Secretary of State for External Affairs, despite his activities in his party's leadership contest, will not cease to give attention to this very important aspect of not only developing a stronger aid program but of making Canadians themselves aware of their responsibilities in this field.

I should like to remind the members of this committee of a statement made by our own director of external aid not too long ago. Just before the close of centennial year he said:

> As we near the beginning of our second century as a nation, we are struggling to find a sense of purpose to unite us. It is not in economic terms that we justify our nationhood ... I believe that, by focusing the interest of Canadians in every walk of life and mobilizing the resources they represent to expand Canada's participation in the processes of international development, a new dynamic dimension can be brought into play in Canadian life.

I support that statement, Mr. Chairman. I think it is a very succinct definition of our

[Mr. Thompson.]

responsibility at this time. Therefore I repeat that I appreciated the words of the Leader of the Official Opposition this afternoon as he expressed himself on this important topic.

I had not intended to deal at length with foreign policy but there are a couple of matters I should like to put before the minister in connection with Africa. You will forgive me, Mr. Chairman, for speaking about Africa but Africa claims the biggest part of my adult life. I am concerned about some of the things happening there and I do not believe that the people of Canada or the members of this house are fully aware of them.

We talk about the suffering in Viet Nam and the loss of life as the result of the terrible war being carried on there. But little do we realize that probably twice as many people during the last year alone lost their lives in the little secessionist country of Biafra. The other day we heard the very able testimony given by Dr. Johnson of the Presbyterian church when he outlined his experiences both in Biafra and Nigeria, having met officials in both areas. No news is given to the outside world about what is happening there but I would say that the horror and suffering taking place there at the present time are far worse than in Viet Nam. That does not mean that I condone the horror and suffering in Viet Nam. I just want to emphasize that in Nigeria we had a situation that we all felt was ideal. We felt it was the one place in colonial Africa where we could expect democracy to take firm root. However, the country has now been torn in half as the result of several military coups and a wholesale massacre by evil people.

Last year, several million people fled Nigeria and returned to their native land in eastern Nigeria. However, they have now found themselves locked in terrible slaughter without even the benefit of any kind of medical services, sanitation or help from the outside world. Surely something can be done about this situation. It is not good enough to dismiss it as an internal matter in Nigeria. It is not good enough to say that the United Nations has no responsibility in this situation. Are we going to see genocide on a scale not seen since world war II committed before the eyes of the world, with nobody saying or doing anything about it?

We are rightly proud of our own Arnold Smith who is secretary general of the Commonwealth Association. He is endeavouring to do something in this regard. However, it seems to me that Canada ought to be moving directly into this situation. We should use the

confidence and good will that we have in Nigeria and among many of those on the Biafran side of the border in order to see whether some compromise, some arrangement or negotiation can be worked out. As Dr. Johnson told the external affairs committee the other day, having talked to leaders on both sides, these two peoples are fighting a war that neither wants and which they hope can be solved between themselves. Yet the war continues from week to week and from month to month.

There is one other area in Africa to which I should like to draw the attention of the committee, an area where likewise there have been wholesale murders during the last few years and nothing much has been said about them in the press. In fact, I do not think any mention of this situation has been made in this chamber. I speak of the Sudan. Southern Sudan, better known as Upper Sudan because it is nearer the head waters of the Nile, is inhabited by negroid people who through the centuries and particularly in recent years have not had the opportunities of those who live in Lower Sudan. They have suffered discrimination and persecution by the Arabs who, basically, control the government in Lower Sudan.

While we cannot estimate the numbers of people who have lost their lives in this country during the last two or three years, the number must run into the tens of thousands. I know that country well. I also knew many of the people who have lost their lives. I know the circumstances in which they lived and am aware of some of the terrible situations that have been permitted to develop as one group of people has tried to force its wishes upon another group less equipped and able to defend themselves. I say that the United Nations, the "have" nations of the world, cannot be excused, before the judgment seat of the Almighty, their disinterest and apparent complete lack of concern about what has taken place and is continuing to take place in the Sudan.

There is one other question with respect to Africa on which I want to touch. While the particular area concerned is not at the present time involved in what might be described as warfare, as a result of the Arab-Israeli conflict and the Russian policy of domination of the Mediterranean sufficient arms and military equipment, sophisticated to the nth degree and all basic tools of war, have been moved into Algeria to equip every nation on the continent of Africa with a reasonable size defence force. So sophisticated is some of the equipment which has been shipped there in recent months that it is impossible to believe Algerians are capable of operating it. This means that Russian technicians are in the country, even as they are in Egypt. We may even assume that the losses of military supplies and equipment incurred by Egypt in the five-day war with Israel a year ago have already been replaced.

• (4:40 p.m.)

What will happen if this kind of thing continues? How can we expect to maintain world peace if the tools of war are being assembled as they are in Algeria at the present time? There can be no doubt that the Russians are doing this intending to use the brute force of military strength to accomplish their aims in Africa and in the Mediterranean area. One can also assume, I believe, that their intentions go much farther, because the kind of concentration of military force I have described cannot be justified on any other hypothesis.

Yet we do nothing about all this. We talk about Viet Nam and decry United States policy. We blame the United States for everything that has gone wrong in the world today. The truth of the matter is that but for the United States and its actions some of us here would not have the privilege of standing up today to speak in perfect freedom as we are accustomed to do in Canada. As we look at the world today and search our consciences in the quest for peace we ought rather to be concerned about the policies of certain nations which would pose as our friends but which at the same time are seeking to destroy the way of life all of us hold dear and which Canada, as the hope, I believe, of every free nation in the world, must always strive to preserve.

Mr. Matheson: Mr. Chairman, I should like to express a few of my own views on this important area of our responsibility and in doing so I should like to say that anything I say is certainly only an expression of my personal views; I hope they are shared by the Secretary of State for External Affairs and the administration, but I do not know. I certainly intend to express only what are my own views.

Perhaps I am being a little nostalgic when I remind members of the house of the year 1941. I remember the feeling of so many

Canadians in the 1st division in 1940 and 1941 when many of the wise people of the world seemed to feel that the British were, after all, rather foolish in their objection to the mighty power which confronted them and that perhaps the proper thing to do was to accept the presence in Europe of a great military force which was bound to prevail. At that time there was a very lonely feeling on the part of those who were in uniform in the United Kingdom, along with the gallant civilians who perhaps contributed more to victory in the long run than the soldiers ever did.

Perhaps the most encouraging thing for us in those dark and terrible days was that a young, intelligent, idealistic American by the name of Lyndon Baines Johnson from Texas stood up on two or three occasions and told the people of the United States that there was a conflict of far reaching proportions which could not be avoided. He made a dramatic speech approximately eight months before Pearl Harbour; it was not very popular in Texas, as was indicated by his political defeat.

In the course of his public career Lyndon Baines Johnson had served in the defence area. He had studied defence and, in particular, he had studied problems relating to American naval responsibility. In 1939 there was a very strong group of isolationists in the United States. They were honest but, in my opinion, deluded peace seekers who were urging the Roosevelt administration to cut down sharply its responsibilities in the Pacific. And Lyndon Johnson, coming from this rather isolationist part of the United States, helped lead the fight in the house against this profoundly shortsighted proposal. In 1941 he stood out as one of the great people who defended the lend-lease program, described by Winston Churchill as the most unsordid act of high policy in human history. I remember it was Johnson who identified himself with us at a time when we believed we were contributing something for mankind. I do not think there were many Canadians who really thought they were serving a Canadian interest or a British interest or a western interest; they really believed that the military solution was one which could not be avoided. President Johnson, when I saw him a few days ago in Washington, looked whiter than he did when we met him at Great Falls, Montana for the ceremonial opening of the Columbia dam project, but it appears to me that this man has played the part of a real man in world history and that he will go down as a great big man, the kind of man Texas might be expected to produce.

[Mr. Matheson.]

I spent some time months ago comparing the contribution, year by year, in public affairs of two personalities, Ho Chi Minh and Lyndon Baines Johnson. What a contrast there is between these two persons. I do not have the material with me on Ho—that, of course, is not his real name; he is of Chinese origin and his real name, I believe, is Al-Quoc. He was very active in Paris with the radical socialist party. He went to the U.S.S.R. in 1924 and became active there. He took part in the Chinese revolution of 1925-27. In 1927 he went to Siam, and I have talked to people in Bangkok who well remember his revolutionary activities there. He was imprisoned for his conduct in Hong Kong in 1931 and there are not many people in the east who forget what he stood for then. I think it is fair to say that this man has raised hell wherever he has gone over his rather long lifetime. I think his influence has been destructive.

I have read a great deal of the thoughts of Chairman Mao. I have read most of the extended five volume series. And it seems to me that Ho Chi Minh represents a practical, modern exponent of the revolutionary thoughts of Chairman Mao and his military lieutenant Lin Piao. Many of the essentially destructive and hurtful ideas of Mao are applied by Ho directly from the works of the Chinese leader. My view is that Chairman Mao is dated inasmuch as Marxian clichés are no longer relevant or applicable to the modern world.

I am glad the Leader of the Opposition prefaced his remarks by dilating for a few minutes on the important question of external aid. This is an area in which we in the west can even now claim some measure of success. What country has more to its credit than the United States? I would commend hon. members to look at the March 11 issue of the *United States News and World Report* where they will find an article headed: "Amazing Success Story In Asia". What do we find in Asia? Part of the story reads:

• (4:50 p.m.)

You see growing prosperity. Political stability is the rule, not the exception. You see new cities on what used to be swampland. You see Asians who are bigger and better-dressed.

Many of them were discouraged 15 years ago. They had very little hope. Now the trend is assuredly against the communists and not with them as it used to be. Fifteen years ago the communists were flushed with victories at home. They were on the march in Korea. Britain was fighting communist guerrillas in Malaysia.

I well remember going with a senior official of the government at Kuala Lumpur to look at the thousands and thousands of names that appeared on the memorials to the dead, the names of the Malaysians who gave their lives, and of the Indians and the British. It was a very sad sight. This was the result of 12 years of communist aggression, exactly what is now going on as a consequence of the invasion by North Viet Nam into the south. This is exactly the same pattern.

I am very glad that recently an hon. member referred to Prime Minister Lee Kuan Yew. He is a youngish man. If anything, I suppose it could be said that he is of the "new wave." If anything he could be characterized as of the left. He is a man who was superbly educated in Britain but he is a man who knows Asia and knows it with the eyes and the ears of a person who is of Chinese origin. Lee Kuan Yew is not under any misapprehension as to what is going on. I quote from a report in the London *Sunday Times* of January 21 of this year:

> Prime Minister Lee Kuan Yew of Singapore, the leading Asian socialist, the ablest of the Southeast Asian leaders, and certainly no American puppet, has said that the U.S. action in Viet Nam "gave the other Asians the chance" to stand on their own feet and to find their own way. He came to Washington just the other day, primarily because he had wrongly begun to fear that the U.S. would lose heart and patience before finishing the job.

The writer of this newspaper report said:

> I talked with him at some length, and he made no bones about his conviction that the U.S. intervention in Viet Nam had been the crucial factor which caused the Asian bandwagon to switch course, ending a long movement towards irrationality and dogmatism, and beginning a new movement towards rationality and practical progress.

Can anyone go to Jakarta today and talk with any of those people who suffered under 22 years of Sukarno without discovering that they know that Asia has at last got a chance to catch its breath? What has it done with its new chance? We find that all parts of Asia outside the communist held countries have shown fantastic economic expansion. The most dramatic example of all is Japan but other examples are the Philippines, Taiwan and South Korea, and at last we see movements of great encouragement in Cambodia.

Recently I was looking at the Sanwa bank report showing what Japan has been able to do. This is the country that was defeated by the big, cruel, imperialist United States which then assisted Japan and put it on its feet. The Japanese people have always tended to be left wing in their views. Virtually all the editors of Japanese newspapers are left wing, but they knew that more dangerous than the alleged "black mist", referred to in their last general election, was the "red mist," and so unequivocally they have thrown their lot in with the west. I quote from the Sanwa bank report:

> Japan continued to lead the world between 1961 and 1965 with a growth rate of 14.8 per cent.

In shipbuilding she is now first in the world and in fibres she is second in the world. In oil refining she is second in the world and in the production of power she is third in the world. In crude steel she is third in world production, and in gross national product these poor island people, who were defeated just a few years ago by the big, bad, ruthless Americans, through the assistance of their one-time enemies, the Americans, are now fifth in the world and sixth in volume of exports.

As a result what do we find? We find that the Japanese are grateful and they realize that international economic co-operation means something important. They have contributed to the new Asian Development Bank, matching dollar for dollar with the Americans. This was a hard thing for the Japanese to do, starting with the low base that they had after the war. But as a result what do we find? We find growth in virtually every free part of Asia. The new Asian Development Bank in Manila is headed by a Japanese, and we find plans for railroads, air and sea transport, radio and other communications. Countries that are to get these new links are the Philippines, Indonesia, South Viet Nam, Thailand, Laos, India and Afghanistan. This is the real way to help Asia, to work with the Asians. I believe that Lyndon Johnson, in the courageous and very difficult course he is pursuing, is making that kind of generous contribution.

The London *Economist* has never been a particularly right wing paper but recently it made an in-depth study of Viet Nam and why

it matters, a study which has just been published. It talks about the basic issue, the question of whether or not the truth lies in American aggression or invasion from the north. On balance it says that the truth lies between these two extreme positions but probably a good deal nearer the American standpoint. It adds that the Hanoi government has sent large contingents of troops, sometimes in trickles, sometimes in solid formation, into South Viet Nam giving the whole conflict the character of invasion.

I remember approximately a year ago listening to Arthur Goldberg in Tokyo when he met with a large battery of international news correspondents who questioned him for two hours. If ever a man held open his arms to any possibility for peace it was Mr. Goldberg on that occasion. However, we do not hear about that from members in some parts of this chamber. Surely what matters is not alone the future of Viet Nam, important as this may be, but the future of all southeast Asia. But of course the future of South Viet Nam and of North Viet Nam is vitally important on its own account.

Ho Chi Minh almost paraphrases Mao Tse Tung in some of his chapters on mobile war and protracted war. When he wrote that "Americans do not like long, inconclusive wars and the war in Viet Nam is going to be a long, inconclusive war," I think Ho Chi Minh was wrong. I think that really he is now losing this war. I think that the 20,000 American dead and the gallant dead from South Viet Nam—and everyone knows it has been hard for those people to continue the struggle—are going to give peace and stability in our time, and perhaps before too long.

It would have been so easy to call it quits in Korea. Does anyone deny today that the defence of Korea was not wise from the standpoint of Asia? I believe Korea was strategically important for a wide variety of reasons.

We know there is a strong feeling in this country that if only we could get rid of this dreadful war everything would work out all right. In fact many people urge that the Americans should just plain get out. Does that make sense? I am looking at a news item appearing in the Brockville *Recorder and Times*, the issue of March 18, 1967, just a year ago, headed "Mao in Control At Gunpoint?" It was a story that came from Hong Kong and it reads:

> Mainland broadcasts claimed today the Communist Chinese army has taken over farms and factories in three more southeastern provinces. If true, it means that Mao Tse-tung has established control of production at gunpoint over a vast area of southern China ... the 2,500,000 man army had become the principal instrument of the communist party chairman's "great proletarian cultural revolution," a purge of so-called reactionary elements in Chinese life.
>
> It meant, too, that the army was achieving at least some success through force where Mao's militant civilian Red Guards and revolutionary rebels had failed, through political agitation, propagandizing and appeals to win popular support for the purge.

I had a chance to talk to the first Red Guard known to have gotten out, and quite frankly I believe that Chairman Mao has failed in a great many respects.

• (5:00 p.m.)

What is our attitude in respect to this quarter of the human race? I think it must be one of friendship but at the same time it must be based on realism and facing the real facts. According to people who have studied this area for many years, one of the most significant developments is the deterioration of relations between Russia and China. Surely our attitude is not one of hostility to either of these communist powers. As Canadians we desire full co-operation with both. From a study of some of the economic reports which have come from Singapore and Hong Kong I have come to the view that perhaps one of Canada's major responsibilities in the not too distant future will be to help in respect of the starvation problem which will be manifest on the continent of China. I have in my hand a detailed agricultural study by an eminent economist who writes:

> Why has China failed to keep pace in grain with increase in population? The answer is that grain production is much less profitable to the peasant than are cash crops. In the wake of the collapse of the great leap forward in 1960 there were urgent appeals by the government for the peasants, particularly those near big cities, to produce vegetables, pork, poultry, etc. The response to this was staggering. By 1966 you had reached a situation where in the land adjacent to the bigger towns (which also happens to be the richest and best agricultural land in China) all the resources, the fertilizer, the irrigation and the love, care and attention of the peasants both communally and privately, is devoted to cash crops.

There could, of course, be seven or eight crops of vegetables in a year. Grain deteriorated in volume. Actually it may now be argued that Mao has failed very seriously since 1957 in respect of what he regarded as the most important agricultural objective, the production of grain.

We have an important responsibility in foreign aid and I am happy that a great Canadian like Maurice Strong, a man with exceptional gifts, has come into this service at great financial sacrifice to himself and his family. He will help do those things which must in charity be done for all the countries of the world irrespective of their political complexion.

Mr. Martin (Essex East): An outstanding man.

Mr. Matheson: As the minister points out, he is an outstanding man. He is one of the great men of our time. I was glad to hear the Leader of the Opposition indicate that we should step up the volume of our aid. I believe everyone realizes that the government has been faced with the problem of matching income to expenditure. However, it is good at this time to have a person in the prominent position of the Leader of the Opposition come forward and take the position he has taken today in respect of foreign aid. This to me is statesmanship. I know his suggestion is supported by the Secretary of State for External Affairs and I know how fully it is supported by the Prime Minister.

The studies which have been undertaken in the last few years with regard to the problems of Russia and China lead us to believe there is not complete peace and understanding in the Communist camp. The recent conference at Budapest indicated that many people of socialist inclination do not think entirely alike. It has been pointed out that one of the most articulate supporters of the United States position at this time is Prime Minister Harold Wilson of the socialist party in the United Kingdom. Facts are facts and there are certain indisputable facts which cannot be avoided. While we may have certain differences of opinion with regard to the tactics employed by the United States I do not think we can question that their contribution in the main has aided mightily to the stability of Asia. Arthur Schlesinger, who is scarcely considered to be right wing, said:

> I am opposed to an immediate American withdrawal (a) because it would end all possibility of a negotiated settlement, (b) because it would deliver the people of Vietnam to the Vietcong, who would undoubtedly jail and murder a good many, especially among the students and intellectuals, and condemn the rest to a bleak Communist despotism, (c) because of the effect it would have in neighboring countries, especially on the gallant struggle of the Laotian neutralists under Prince Souvanna Phouma to maintain their independence. Also I find something distasteful about those sitting in ease in Europe and America, who would righteously hand over a country to a tough Communist crew on the ground, evidently, that, though they wouldn't much like communism for themselves, it will be just great for the Vietnamese.

We are not thinking alone of Viet Nam but of Asia in which there resides two-thirds of the human race.

James A. Michener spent many years in southeast Asia. He lived in Viet Nam and several surrounding countries. He is intimately knowledgeable with regard to areas such as Korea and the Philippines. He lived in Thailand, Indonesia, Burma, Pakistan and Ceylon. He writes:

> —I am driven by experience of the past and concern for the future to support my government's stand in Vietnam.
>
> I believe that our stand in Korea some years ago helped to stabilize that part of the world. The agreement there reached was not a particularly good one, but it has worked. It has saved Japan, established a border zone that could be more or less controlled, and relieved international tensions that might otherwise have expanded into a world war. In Korea the United States learned it could of itself oppose both Russia and China, and that was a salutary discovery. But Russia and China also learned that they could not operate with impunity against world opinion. What may have been most important, Russia and China had a chance to see and to evaluate each other. On balance, I am not unhappy about our intervention in Korea.

He analyses the situation at the present time in Viet Nam in similar terms.

Eric Linklater said:

> In the summer of 1951 I was in Korea. The beginning of that war had been the sudden invasion of South Korea by the Communist North and the almost simultaneous announcement, by the North, that its action had been necessary to counter aggression from the South. The small expeditionary force that Britain was able to send in defence of the South consisted, at first, of a battalion of the Middlesex Regiment, another of the Argylls. I had talked with their survivors, whose memories of the war were dominated by the appalling misery of the refugees who had fled from the North.
>
> The North pretended to be the aggrieved and virtuous party—

This is what we have been hearing from many sources with respect to Viet Nam and from some Canadians ad nauseam for several years.

> —but a multitude of starving, half-frozen refugees chose to escape from its virtue. There were no fugitives to the North.
>
> Today, in Vietnam, there is a comparable situation. The Communists were the original aggressors,

and there has been strenuous propaganda to persuade the world that blame lies on the United States. In South Vietnam there are, perhaps, a million refugees from North Vietnam. The refugee tide, that is, has run in the same direction as in Korea—

I might add also in the same general direction, east to west in Berlin, and from mainland China to Hong Kong.

• (5:10 p.m.)

It is not unreasonable to suppose that there, as in Korea, the refugees know more about Asian communism, its aims and methods, than many well-intentioned people whose opinions are so deeply influenced by their detestation of war as to blind them to its causes.

I think we have people in this house who wish to be blinded. Jakov Lind made a very interesting suggestion when he said:

Why not try a shrewd solution to combat Communists in Asia? Help them to get to power; sooner or later they will all turn revisionist.

Recent developments in Europe would tend to make this sly suggestion almost reasonable. I think we should respect the writings in the books and articles by Mao Tse-Tung and Ho Chi Minh. There are two books of Ho to be found in our parliamentary library. His diary from prison is a very interesting document as are his published speeches which cover the period up to 1966: One can easily find a statement of purpose in the studies of Mao, some of which have even alarmed and frightened the Russians because they do not express their feelings about the desired course of human progress.

It seems to me that we lack in responsibility when we criticize those who have enabled us all to come safely through a very difficult period. One of the reasons advanced by Eliott Janeway for this assault on the dollar was the overextension of America both in terms of military and economic aid to other countries. I think it ill behooves Canadians at this time to make smart cracks at our American friends. I want to say how immensely grateful I am that we have at the present time, presiding over the affairs of our great neighbour, a man who always has stood for truth, vigorously, and fearlessly, whether popular or otherwise. The big Texan stands out as a very big man in a troubled world.

Mr. Nugent: Mr. Chairman, it has been a while since I said anything about foreign affairs but I must say I am prompted to do so at this time after listening to the spiel I have just heard from the hon. member for Leeds,

[Mr. Matheson.]

who can speak more pompously, utter more words and mean less than any other member in the house. He is in my opinion very able in saying those things which do not help us a bit when discussing international affairs.

I can never understand why people who profess to be anxious to defeat communism get up in this house and use the fact that communism is bad as a defence for some of the very stupid actions that we in the western world have taken. I do not think anybody in this house has to be persuaded that communism has its faults. I do not think anyone in this house, no matter how they approach the problem, is not anxious to make sure that our democratic system is extended to all new emerging countries and to make sure that it is improved to the advantage of the people of other countries in the world. I do not think there is any real point in the sort of diatribe engaged in by the hon. member who tried to convince us how bad communism is and therefore how right we are. This is nonsense.

Communism has its faults and we have ours. We are not going to correct our faults by pointing up the faults of the communists and then saying that because they are so bad we must not be so bad. Frankly, the United States position in respect of Viet Nam is dreadful. I first said in this house on September 8, 1961, and I have not changed my view since then, that the best friends the communists have in the world are those who make speeches like that of the hon. member for Leeds. I refer to those who rant and rave about the faults of communism instead of suggesting how to correct our own mistakes and how we can best help those people about whom we profess to be concerned. We should adopt a policy that is pro-democracy rather than one that is anti-communism. Those who believe in a policy of anti-communism seem to think that this is the only thing wrong in the world and that anything goes as long as we are fighting communism. Quite frankly, I thought there were other enemies in the world during the last war—the Nazis.

A number of other systems which are not communism or democracy exist in the world today including dictatorships and some that are anti-democratic. Are we to believe from this hot-headed attack against communism that these systems are more acceptable and that all we have to do is drive out communism in order that one of these other systems may take over, thereby improving the lot of these people? This is the suggestion made by

those who are anti-communism, but I suggest it is not realistic.

Our objective should be the development of a policy in this country and in the United States, our great friend and ally, which is pro-democratic. This should be our aim and our hope, as well as the reason we spend money on foreign aid in an effort to do our best to assist other countries in obtaining those benefits that we enjoy. We should try to bring to these countries the best parts of our system in so far as they will fit the needs of these countries, in the hope that this will be of benefit to them.

Surely none of us in this house wants to ram anything down the throats of anyone. Surely that is what the hon. member for Leeds is attempting to do in respect of the United States policy in Viet Nam when he suggests that communism is so bad the actions of a democracy must be all right. I do not care whether you kill someone in the name of anti-communism, in the name of crime or in the name of passion, it is still murder. As law-abiding citizens the people who live under a democracy which is founded on idealism must take a very long and careful look at the violence that the United States is perpetrating on South Viet Nam in the pursuance of its policies or the lack thereof. No matter how blind we may be or how unwilling we are to criticize our friend and neighbour, I think a careful consideration of the situation will indicate that the United States is wrong.

Let me hasten to add that no nation in the history of the world has had more concern for its fellow man than the United States. The record of that country's contributions to international aid in an attempt to help underdeveloped countries and its contributions toward peace-keeping and in other directions cannot be criticized. The United States has opened its pocketbook in its endeavour to do the right thing. I am not questioning its motives. But no matter how great and wonderful its actions have been in this regard I must say that in my opinion it is wrong in respect of its policies in Viet Nam. No matter how well meaning or how good the intentions of that country are, its policies are dreadfully wrong. No matter how sincerely the United States may believe it is right in trying to contain communism and no matter how much that country believes in its own anti-communist policies, an action is not necessarily right because it is anti-communist. The idea that anything goes if it is anti-communism will defeat the ultimate purpose. As a result of that policy there is no reform possible for new or emerging countries and they will be forced to turn to communism as the only alternative. Communism is not the only alternative. Reform is the only alternative and I think it is an alternative these countries are entitled to and should have.

• (5:20 p.m.)

Certainly the Americans did not go into Viet Nam to save the South Vietnamese from an invasion by North Viet Nam. One has only to read the American explanation of their own actions to understand this. Reading in American newspapers what the American foreign office has said one finds that over the course of two years they sent military advisers to Viet Nam to help the neutralists make sure the situation would be stabilized so that elections could be held and the people could determine their own type of government. I think most members of the house would say this is a very laudable and worth-while objective. No one will argue with the idea of trying to bring about peace and stability so that people can choose the type of government they want.

I want to stress that the right to choose the type of government they want is the objective. We have subscribed to this objective in the United Nations charter. It is not a case of choosing the type of government we think they should have, that we want them to have, that is acceptable to us or even that we think is best for them. They have a perfect right to choose the type of government they want even if we think it is silly and even if it is so silly as communism. That is their right and we have subscribed to the idea that they have the right to choose the type of government they want, not that we want.

So here we have the Americans expressing this idea and providing military advisers to the neutralists to stabilize the situation so that elections could be held and the people could choose the type of government they wanted. We say that is a fine, great and wonderful idea. But did you happen to read the news a couple of years later when Buddhists and Catholics were rioting and people were burning themselves in protest that there had not been any elections because the Americans had prevented them? The situation was not stable enough and the American puppet, Premier Ky, said: We will not have elections

now because the only result would be that the Viet Cong would win, or the neutralists would win and neither one is acceptable to us. The Americans backed him up.

I want to know what is the American policy. We have heard the puppet premier of South Viet Nam, backed by American power and kept in power by American arms, saying that the neutralists would not be acceptable. The Americans have said they went in to stabilize the situation, to advise the neutralists so that elections could be held and these people could choose the type of government they wanted. The actual fact is that those elections have not been held, that in fact the objective is to make sure they do not have freedom of choice. The objective is that they will have the anti-communist government that the Americans insist upon because apparently this is the only way we can stop the tide of communism from taking over all of the Far East. What nonsense.

I do not know where the silly idea started that communism is like a battlefront with the battle lines drawn and a line marking the danger area wherein communism must be contained. I always thought communism was a sort of insidious thing that creeps into a country and feeds on the false and the corrupt. I have always thought communism did not need any help from outside, that it fattens on the stupidity, arrogance, cruelty and incompetence of governments. It is the sort of thing that is fed and fattened by our failure to have faith in our democratic system, by our own failure to really use and practise those ideals on which our democratic system is based.

Communism can creep into any country where democracy is based on sham and hypocrisy, where we say we have respect for the people's right of self-determination but what we mean is that they will have self-determination as long as they do what we say. Communism can creep into any country where we say we have faith in a system of justice which eschews justice and where we resort to force to enforce our will. This is the stuff on which communism feeds.

I do not know where this so-called battlefront is and just why a neighbour of a communist country must of necessity be in greater danger of communism than any other country. Every country is in danger of communism; it does not matter whether its next door neighbour is communist or whether communism is three states away. What will assist communism is the sort of stupidity that says that so long as we tell everybody that the horrible things we do are in the name of anti-communism it must be right and this is the way to stop communism. Then communism will grow.

I suggest that the greatest ally communism has—and it is a system with so many faults that I do not know why we fear it so much—is our failure to criticize ourselves. Indeed, people should realize that the essence of our democratic system, the very fibre and strength of our system, is self-criticism. The only reason democracy can afford the luxury of freedom of speech, which allows anyone to tear it apart as much as they can, is that this is its greatest strength. Because we do tear it apart and thereby reveal our weaknesses we make it stronger as it is supposed to be. Yet what do we get from tearing ourselves apart and trying to improve? We get this nonsense about how bad the communists are instead of realizing how we are failing to practise what we preach, how little we really are doing to bring to others the benefits of this great system we enjoy, under which we live and to which we pay only lip service.

I suggest that the situation in South Viet Nam is such that there is now no hope that in that country there will be anything but a communist government, no matter what happens. If the Americans had never gone in there I think the odds are that the revolutionary government would probably have been dominated by the communists, if not a completely communist government. But after all these years of fighting there is no doubt in the world that there will be no hope of anything but a communist government there because of American intervention.

As I say, Mr. Chairman, the longer the war goes on the more will faith in democracy be destroyed in those struggling nations around the world which we would like to help and the greater will become the chance that communism will spread because those countries will have no faith in democracy. The American action in South Viet Nam is a denial of everything in which we believe in a democracy. It is a denial of everything we have subscribed to in the United Nations charter. It is going to be a complete failure in South Viet Nam. I say "we" because our friends and allies are murdering many people every day, causing untold suffering every day by following a policy which can have no military success, a

policy which could not have been more mishandled.

• (5:30 p.m.)

Never mind about drawing battle lines around an area and saying "we must stop them here", because they will seep through. What we are doing is to weaken the hand of every would-be reformer in every country whose only chance for survival in a democratic way is through reform. We are pointing out that the democratic western world will not support reform and therefore these countries must resort to communist violence in order to bring about any change. How can anyone stand up here and tell me that this is the only way in which communism can be contained when for years the very seed of communism has been nurtured by our refusal to recognize that communism can best feed on the faults and weaknesses in our system? We do not need any special armour against the communists. Our best armour is built into our democratic system which allows self-criticism and encourages a critical analysis of what we are doing with relation to the needs of our people. We must practise it.

I must apologize to the committee for repeating myself but I do wish to say again, and I get a little more annoyed about it every day, that the greatest friends the communists have are people like the hon. member for Leeds. What helps them most is the kind of nonsense he was spouting in this chamber a little while ago when he pointed out the faults of the communists and then said, "here is your alternative: the stupidity we are practising or the worse stupidity of the communists". Why in heaven's name is there no other alternative? Have we never heard of reform under a system which is neither communist nor democratic? Where do we get the stupid idea that our choice is only between communism or democracy? Where did this idiocy arise? It could only be propagated by people who find any consistency between the United States position in Viet Nam now and the democratic process. The position is: you can only be red or dead, as though there were no other choice. Either the Americans are right or the communists are right, as though there were no other option.

Arguments such as these will destroy us unless we are willing to look critically at what we are doing and speak frankly to our friends and neighbours. Otherwise we will lose the struggle when the cards are all on our side. Why spend our time talking about what terrible fellows the communists are? We do not need to be convinced. We just need to be protected now and then and our allies need a little help, which we are not giving them by telling them how bad the communists are and then adopting communist methods ourselves. What we need is a more critical analysis of what we are doing and a greater realization of the need for some essential reforms to protect our friends from communism.

We must have more respect for the right to self-determination of even small countries, regardless of whether or not we like the way in which they choose their government and the way in which they run their country. I hope we will speak frankly to our neighbour, friend and ally, the United States, and ask them in the name of democracy to take another look at the situation and to withdraw from Viet Nam.

Mr. Prittie: Mr. Chairman, it is not my intention to speak about Viet Nam, although I do wish to make one comment on this subject. I believe the hon. member for Edmonton-Strathcona said that the way things have developed Viet Nam will probably end up with some kind of communist government. When I was home in my constituency last week end I was shown a letter from a Canadian in Viet Nam. I do not have the letter with me nor do I have the freedom to quote from it at this moment, but let me say that he described conditions in that country and made some devastating comments about the South Vietnamese officials and the conduct of the war by the Americans. The only people for whom he had any praise were the South Vietnamese, many of whom have somehow, through all their terrible suffering, remained cheerful. While I was listening to the remarks of the hon. member for Edmonton-Strathcona I could not help but think that these people would probably be better off under any other type of administration than the one they have at present. If I can get permission to quote that letter I would like to read it in the house some day.

The minister will not be surprised at the topic I am going to bring up because I have brought it up many times before. It has to do with one particular aspect of external aid. In the past I have urged him that some attention be given to the question of the population problem and that family planning should be part of our external aid program. As I have said in the past, I never try to oversimplify

the question of external aid. I know that many things have to be done to improve the living standard of the developing countries. Food aid is one thing, improved agricultural methods are another, educational aid is another, and improved trade is still another. But I have pointed out on a number of occasions that the gross national product of many of these countries is simply not keeping up with the growth of their population, and this is one aspect of the problem of developing countries which should be studied and considered.

This subject was debated earlier in this session. I presented a resolution, which was debated in the house on December 13, 1967, urging the Canadian government to improve family planning assistance in its external aid program. I do not wish at this time to go over all the arguments and statistics which I advanced then. I have raised the matter several times during the question period. However, I never seem to get any answer from the minister and I hope that before we finish these supplementary estimates I will get some answer.

I know that requests have been made to the external aid office. I know a request was made by the international planned parenthood federation for a donation from Canada to carry on the work they are doing in this field. The United States, the United Kingdom, and Sweden, to mention just three countries, are giving such assistance to the I.P.P.F., and the United States through its foreign aid program is also giving direct assistance in this connection. In view of the fact that these requests have been made I should like to know what is the attitude of the government. On January 22 I asked the minister this question following the visit to Ottawa of the minister of health and family planning of India:

> During the visit to Ottawa last week of the minister of health and family planning of India did he make a request, formally or informally, for a Canadian contribution to India's population control program?

The minister replied:

> Mr. Speaker, the minister from India visited the external aid officials. I have not had a report from them but when I get it I shall be glad to discuss it with my hon. friend.

I am always happy to have a discussion with the minister because he is a very pleasant and interesting person to talk to, but I would like to hear a statement made in public which would be on the record instead of just having a private discussion of the topic. In any case, I have not yet had an answer from him.

When the matter was debated in the house the hon. member for Rosedale, the minister's parliamentary secretary, replied on behalf of the government. I did not find the reply very satisfactory. He suggested in two places in his speech that if the government were to engage in this type of program there might be some objection from important religious groups in the country. I fail to see that such an objection would stand up today. We are not talking about abortion. I know that many people in this country are opposed to abortion; certainly the Roman Catholic church is. But we are talking about family planning which I do not believe is any longer a controversial subject in this country. Indeed, we are about to change our own law when we get around to discussing Bill S-22 which has already been passed by the Senate.

• (5:40 p.m.)

I do not believe there would be a great outcry on the part of any substantial part of the population if the government were to follow the lead of the United States, the United Kingdom and other governments. Aid would be given to those countries that want it and have no moral or religious objections to taking it. I refer particularly to India and Pakistan. In the past the minister has shown a great reluctance to discuss the subject. I am sure that within the department some consideration has been given to it and I would like an answer from the minister when he replies to the points raised during this debate.

Mr. Herridge: Mr. Chairman, I do not intend to detain the committee long and I shall be reasonably brief as usual. My views on foreign affairs are fairly well known. I stand for an independent foreign policy for Canada. I have stated that repeatedly in this house. I have also expressed my opposition to Canada remaining in NATO and have done so throughout the years. The same situation holds true with respect to NORAD. I stand for support of the United Nations, for Canada doing what it can in the military sense to support the United Nations and also in respect of external aid.

I have also been strongly opposed, as the minister knows, to the war in Viet Nam, particularly after reading the report of a conference former President Eisenhower had with the governors of the states in the United

States. He told them that the United States was in Viet Nam because they had to protect the natural resources in Viet Nam which were required by the United States. I have that report in my office. I could never see how they were fighting for freedom and democracy in doing that.

I noticed a report in a trade paper called *The Machinist* for March 14, which reads in part as follows:

AFL-CIO President George Meany made his usual good sense last week. He deplored those who say the U.S.A. can't afford costly programs to prevent more trouble in the cities because of the Viet Nam war. Mr. Meany declared:

"Of course, meeting the crisis in our cities will cost much. But... Americans are fighting in Viet Nam for the basic principle of free, democratic choice. The perpetuation of conditions which effectively deny full participation in American society by millions of citizens is a betrayal of that principle and an effort to those who are giving their lives for it.

As the minister knows, the executive of the AFL-CIO, including Mr. Paul Hall who is a vice president, supports the policies of the United States in Viet Nam. I am very glad to learn there is a minority in the trade union movement in the United States who are opposed to these policies and are organizing more effectively than in the past to express their opinion.

However, Mr. Chairman, I rise to deal with another matter briefly and that is the question of the failure of the United States government to return Harold Chamberlain Banks to this country and by so doing failing to recognize the terms of our extradition treaty with the United States. In that respect may I say I was reading an article in the *Gazette* for October 24, 1962 in which it was stated that Mr. Paul Hall blamed Mr. Dodge for rehearsing Sheehan in the evidence he gave before the Norris commission at hearings in Toronto. The article reads in part:

"We don't understand why labour people don't put a bridle on this fellow Dodge," he said. "This puts us in a terrible position."

He compared Mr. Dodge with teamster boss Jimmy Hoffa. Both wear "a tight halo" thinking that what they do is right even though it may be morally wrong, he added.

Just imagine a man like Paul Hall suggesting that Mr. Dodge would do what he considered was morally wrong. In further reference to Mr. Banks, I had some very interesting correspondence with the editor of the *Globe and Mail*. Banks is a man whom a great many Canadians want to see brought back to Canada to serve his term for the injustice he perpetuated on some Canadians. On one occasion the *Globe and Mail* published an editorial based entirely on a speech I made in the house in which I put his criminal record on *Hansard*. Mr. Banks sued the *Globe and Mail* for damages and he got damages to the extent of $3,500 because, in the opinion of the judge, the fair name and reputation of Mr. Banks in Canada had been harmed. The lawyers who conducted the case for Mr. Banks received $2,582.60. They have sent me all the court records and everything else, you see.

I want to deal briefly with this case. I understand that after Mr. Banks' appeal had been rejected by the judge in the United States he changed lawyers from Abraham Brodsky to Abram Chayes, a former legal officer in the state department. In my opinion and in the opinion of a good many people in Canada, the decision of Dean Rusk is an insult to this country. I was very pleased to know that the minister made a protest to the United States. I want to deal with one or two matters in connection with the case. I should like to refer to an article in the Ottawa *Citizen* for March 15 by Paul Kind. It reads:

Hal Banks, the former Canadian union boss whom a judge once said was made "of the stuff of the Capones and the Hoffas," is again about to walk the streets of the United States.

He has been freed, in effect, by secretary of state Dean Rusk who has rejected Canada's bid to bring the fallen seamen's leader to justice.

Thursday night in this capital it was being whispered that the spectre of American politics had loomed over the attempted extradition of Banks from the United States to Canada.

I know a little more about that than the minister does. I do not mind telling him later.

In a letter to Canadian ambassador Edgar Ritchie, the secretary of state said that he "regretted" that he was unable to order the extradition of Harold Chamberlain Banks.

Banks, 59, a U.S. citizen and former president of the Seafarers' International Union of Canada, will be freed as soon as Rusk's letter containing the extradition refusal is received by U.S. commissioner Salvatore Abruzzo who will issue the release order.

Banks was arrested in New York last August and since then has been held without bail.

Later last year, Abruzzo ordered Banks extradited on a province of Ontario warrant charging him with perjury.

Subsequently, Banks waived his right to appeal the Abruzzo ruling through the courts, and chose instead to appeal directly to the secretary of state.

I judge he was on sound grounds in doing that.

Ontario sought Banks' extradition on a charge of perjury arising from testimony the former union boss gave before the Norris royal commission on the destruction of the Canadian shipping industry in 1962.

Now, 28 days after the state department hearing Rusk has given his decision. The secretary of state said that the application for extradition presented a "unique problem."

• (5:50 p.m.)

It certainly did.

In Rusk's words, the extradition was sought on a charge of perjury arising from Banks' "protestation of his innocence in response to a question as to his participation in a conspiracy to commit assault."

There is an extradition treaty between Canada and the U.S. for perjury, but none for assault.

Declared Rusk: "Because the charge of perjury in this case arises directly out of a denial of guilt of a non-extraditable offence, I have concluded that it would not be compatible with the over-all design and purpose of the extradition treaty, which is limited and non-universal in its coverage of offences, to agree to extradition on the unique facts of this case."

Banks was originally convicted in Canada in 1964 on a conspiracy to assault charge arising from the beating of Captain Henry Walsh.

I have talked to that gentleman, Mr. Chairman, and let me tell you that he did get a beating.

The president of the S.I.U. of North America is Paul Hall, a vice-president of the huge A.F.L.-C.I.O. labour organization, on whose Brooklyn-moored yacht Banks lived for several months.

According to this article, Mr. Chairman, there is considerable talk in Washington to the effect that some political influence and pressure have been used in this regard. In any event, I understand that this is the first failure to apply the extradition treaty in 50 years. The *Journal* for Saturday, March 16 contined the following:

The U.S. state department's move to prevent extradition of labour leader Hal Banks to Canada marks the first executive intervention against an extradition in 50 years, External Affairs Minister Martin said Friday.

As I said before, I am very glad that the minister has protested this action. I have some very interesting information on this case. I have a letter that I will show the minister some time. However, it has been suggested to me by some of the unions to which I am sympathetic, Canadian unions that stand on their own feet and run their own show, that I ask the minister a few questions.

[Mr. Herridge.]

First of all, would the minister get his officials in Washington to make inquiries whether there was any union influence on this decision because this is an election year in the United States? Second, would the minister get his officials to inquire whether this is retaliation because Canada is giving political asylum to draft resisters? We all know that all western countries have given political asylum to a good number of people who had to leave their own country because they were fearful of not obtaining justice. Third, would the minister also inquire whether any persons or any organization in Canada have made representations to the United States embassy in Ottawa since this matter became an issue? Fourth, would the minister inquire whether Mr. Charles Millard has been in Washington during recent weeks? I am sure that his officials in Washington would have some knowledge on this point.

These are the questions I wish to bring to the attention of the minister. However, before concluding I want to indicate how interested Canadians are in this matter by quoting an editorial that appeared in the Ottawa *Citizen* last Saturday entitled "Let's Have Hal Banks". It reads as follows:

An extraordinary ruling by U.S. Secretary of State Dean Rusk leaves Hal Banks a free man. It is an administrative decision that appears more closely related to politics than justice. Canadian proposals that the issue be taken to an international tribunal—possibly the World Court at the Hague—should be pressed.

I should mention in this regard that I am informed that the World Court sometimes takes ten years to reach a decision, so in that event most of us would be dead before we would know what the decision was.

Banks was convicted in Montreal of conspiracy to commit assault—not an extraditable offence. While on bail pending an appeal he fled to the U.S. The Ontario attorney general sought extradition on a charge of perjury. A New York judge granted the Ontario petition after a full hearing. That should have been enough.

But the secretary of state has reversed the decision on the remarkable ground that the alleged perjury was committed in connection with a non-extraditable offence. It is the charge of perjury that is at issue here, not the charge of conspiracy. Rusk has laid himself open to the suspicion that he has been influenced by union pressure during an election year.

Before an international tribunal can hear the case, the U.S. would have to agree. Agreement should be to Washington's advantage. By allowing the matter to be taken out of its hands, it could meet Canada's objections to the Rusk decision, and at the same time argue that it is giving Banks every chance to have his day in court.

And he has certainly had plenty, Mr. Chairman.

To do less is to acknowledge that the U.S. is a sanctuary for ruffians wanted in other countries.

In conclusion, Mr. Chairman, I again bring to the attention of the minister that I have discussed this question with people in the labour movement who are very interested in it. Other questions in Canada directly related to this will have to be decided in the near future. I told these people that I would bring these facts to the attention of the minister. As I say, I congratulate the minister for protesting immediately the decision of Dean Rusk and I urge him to do what he can to get at the truth behind this unusual situation.

Mr. Schreyer: Mr. Chairman, I have only a few comments on the estimates of this department but since it is about 30 seconds to six may I call it six o'clock?

Mr. Martin (Essex East): Mr. Chairman, may I ask my hon. friend and hon. members generally whether they would be agreeable to sit for a little while into the dinner hour?

Mr. Douglas: Mr. Chairman, we should have some understanding about this. What does the minister mean by "sit for a while during the dinner hour"?

Mr. Martin (Essex East): Sit until seven o'clock, say, and then come back at eight.

Mr. Knowles: No. We want to hear the minister under favourable circumstances.

Mr. Martin (Essex East): That is why I want to finish tonight, Mr. Chairman. Can we listen to the hon. gentleman and then adjourn?

Mr. Schreyer: On the point of order, Mr. Chairman, it is immaterial to me what we do. However, I understand that these matters have to be arranged by unanimous consent and I do not know whether other hon. members wish me to proceed now.

Mr. Martin (Essex East): I think they have agreed to listen to you.

Mr. Schreyer: Mr. Chairman, if I understand the mood of the committee correctly I am to proceed at this time.

Some hon. Members: Agreed.

Mr. Schreyer: It is perhaps a little awkward to make my remarks on the estimates of this department when every minute I am speaking I will be keeping hon. members from their dinner. Therefore I will try to make my remarks as brief as possible. I wish to commence by saying that within the next 18 months I presume that the government of Canada will be giving consideration to NATO matters and to NATO policy generally, particularly since this alliance terminates next year its twentieth year of existence and the treaty is due for renewal.

• (6:00 p.m.)

I am one of those who feel that the NATO alliance has served a useful purpose up to now and certainly did serve a useful purpose during its first few years of existence. At that time the threat was clear and present. It was real. Everyone knew from where it came. The capability of the countries of western Europe to meet that threat was very limited and demanded the kind of action that was taken in 1948-49 with the formation of the North Atlantic Treaty Organization. It should be understood, however, that even then, in the light of conditions as they existed at that time, certain intelligent, articulate and capable spokesmen of the western allies—I refer in particular to George F. Kennon of the United States state department—felt that the establishment of the alliance was unnecessary and that it would prevent the normalization of relations in western Europe. As I say, I feel the alliance could easily be justified from the first day of its existence almost to the present time, but its continuation does become disturbing when we realize that in Europe more than anywhere else in the world conditions have changed considerably since the early fifties. But despite the changed political situation the member states of the alliance appear to be clinging to the old myths and neglecting the new realities which exist.

I am not advocating the withdrawal of Canada from the alliance as part of its foreign policy, nor am I suggesting that our membership should not be renewed. I am suggesting it is time for a critical revaluation and review. Perhaps we should renew our participation in the alliance on a different basis, on the basis of having our troops stationed here in Canada. We understand from the minister representing the Department of National Defence that Canada is seeking to develop a special role for its military, one based on a high degree of mobility. If we are serious about this it seems to me it would

relate well to a NATO policy under which, while remaining in the alliance, we refused to continue indefinitely the garrisoning of Canadian troops in Europe. I think there is an onus on the government to indicate what the cost differential would be as between continuing our military presence in Europe and bringing our troops back to Canada and continuing a commitment to NATO while maintaining our men and equipment in a high state of readiness and mobility in case circumstances should develop in which they were needed in Europe.

The occasion I had last fall to attend a NATO parliamentarians' meeting in Paris along with 10 or 15 other members of the house gave me an opportunity to discuss matters relating to NATO with counterparts in the other member states. There is a great deal of consternation about what is being done in the alliance, and now outside the alliance, by the French. The reason, it seems to me, that France has taken certain policy decisions difficult for us to understand is that the alliance as a whole has been very slow to face and adjust to changing conditions in Europe. I do not wish to be misunderstood, but I wish to say that France is becoming more and more convinced that the communist threat on the continent of Europe is diminishing. In view of this, and the increasing strength of the western states, it becomes more than ever unnatural to continue to maintain large numbers of troops on the soil of the western European member states. France has disengaged from the military aspect of NATO while retaining a voice in the political part of the alliance. But because she has withdrawn from military commitments she is already in a position to take advantage of increased trade opportunities in eastern Europe.

Some of us may not approve the extent to which France has gone in disengaging from the NATO military structure. The fact remains that in the opinion of French policy-makers there is no further need to maintain the alliance in the form in which it has existed over the past 20 years. They sincerely believe there is an opportunity for a détente in Europe and that as long as NATO continues to be an exclusively military mechanism as it has been for all its past, it is not likely to contribute toward the achievement of a détente.

How often in the past 20 years have formal attempts been made by NATO to engage in talks with the Warsaw Pact authorities with a

[Mr. Schreyer.]

view to arranging reciprocal reductions in military strength? It is my understanding that not once in 20 years have any formal attempts of this kind been made by either one of the two military pacts. If this is the case, a strong argument can be made for getting out of the alliance so that it will not be able to hamper the credibility of national governments trying to seek a détente through bilateral arrangements.

As I said earlier, I am not one who challenges the necessity of the alliance in its initial years. But after 20 years, just how critical and perceptive a review or investigation is being made of its continued usefulness by Canadian foreign policy-makers? To what extent are they willing to admit that there have been these rather profound and obvious changes in conditions in that part of the world, which would tend to justify a changing role for Canada in that alliance even if we do, and I suggest we should, renew our participation in it?

• (6:10 p.m.)

I now wish to refer to our foreign aid programs. The Leader of the Opposition spoke at length in this connection and with much, if not all, of what he said I find myself like-minded. But it seems to me that even if we do increase the amount of our foreign aid from three-fifths of one per cent of our gross national product to one per cent, the figure we ultimately hope to arrive at in a couple of years, we should now be preparing ourselves for the rather frustrating performance that may be expected.

Despite the amount of money given as foreign aid by donor states over the years, statistics show that the economic growth of the recipient states has been very slow. In some cases growth has been non-existent. This is due to changing patterns in world trade. I am not sure whether the Leader of the Opposition made reference to this aspect of the problem. The fact is that many of the underdeveloped states are dependent on the sale of primary products, but world trade patterns are tending to depress the prices of these products. It is doubtful whether the world community can develop a new kind of trading mechanism that will help increase the value and price of such primary products whereby underdeveloped countries might achieve a higher return and enjoy a more favourable balance of trade. But despite this, Mr. Chairman, we must try to do much more in the field of foreign aid.

There is one matter I wish to bring to the attention of the Secretary of State for External Affairs, which I hope he will bear in mind when discussing matters of state with his colleague, the Minister of National Health and Welfare. Last week and again today there was discussion in this house, and in the larger city newspapers, about the alleged fact that the government has reduced the amount of moneys available for northern health services. I wonder whether it is generally understood that the infant mortality rate of our native Indian and Eskimo population is amongst the highest in the world? According to my researches there are only four countries which show a higher infant mortality rate.

I am not trying to make a case here for reduced foreign aid but I do say there is something illogical in our extending foreign aid to underdeveloped countries to assist reduce their infant mortality rates and at the same time reducing the amount we spend on northern health services. Thanks largely to foreign aid the infant mortality rate of many underdeveloped countries has been reduced over the past ten years, but I stress the fact that the infant mortality rate of our native Indian and Eskimo population is exceeded only by the infant mortality rates of two countries in equatorial Africa, one or two in southeast Asia, and one in Latin America. If the minister wishes to head off criticism of his estimates covering foreign aid expenditures I think he should prevail upon his colleagues, in particular the Minister of National Health and Welfare, that our native population deserves better treatment in the way of health services.

There were two or three other matters I wished to refer to but since they were mentioned by other hon. members I feel it would be best at this point to listen to what the Secretary of State for External Affairs has to say.

Mr. Knowles: Six o'clock.

The Chairman: Order. May I be permitted to list the questions to be raised tonight at the time of adjournment. They are as follows: the hon. member for Saskatoon (Mr. Brand), Health and Welfare; the hon. member for Halifax (Mr. McCleave), Income Tax; the hon. member for Dufferin-Simcoe (Mr. Madill), Immigration.

It being after six o'clock I do now leave the chair.

At 6.19 p.m. the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Martin (Essex East): Mr. Chairman, we have had a rather interesting and useful discussion of various aspects of Canadian foreign policy. I should like to begin by congratulating the Leader of the Opposition on what I thought was a helpful and constructive statement. I warmly welcome what he has had to say about the importance of external aid and the place it occupies in foreign policy today. I assure him I share fully the views which he so well expressed this afternoon.

A number of members have referred to the situation in Viet Nam. I believe this is a matter which should engage our attention at the present time, and I wish to say something about this to the house. There can be no differences of opinion about the urgency of the need to help bring this terrible ordeal to an end. We believe the only way to do so is through negotiations that are directed toward the establishment of a durable and stable settlement which both sides can accept and live with.

The immediate problem continues to be what it has been for some time; it is as simple to formulate as it has proven difficult to solve in practice. It is the problem of how to get the negotiations started and how to establish a sufficient measure of confidence between the two sides to enable them to sit down together and start discussing the basic political issues at stake in Viet Nam, instead of bringing their military weight to bear on them. This is the aspect of the problem to which the government has directed the highest priority and urgency. It has seemed to us that a country such as Canada which has had prolonged experience with the problems of that country and which has ready access to both sides might well be able to help bridge the gap between the battlefield and the conference room.

No third party of course can compel the two sides to change their positions and policies in order to take certain actions or refrain from others. The most we can hope to do is encourge the two sides to reconsider their positions, to clarify ambiguities and to see in this process of discussion and examination whether any element of common ground exists.

In my view there have recently been three major developments which have had a bearing on the diplomatic and military impasse

which we face at the moment. I refer to the formulation of the position of the United States by the President at San Antonio on September 29 last, to the formulation of the North Vietnamese position by the foreign minister of that country on December 29 and, finally, to the activities on the ground in South Viet Nam over the past few weeks. Although separated by a matter of months these events must be looked at together as essential components in the existing problem.

There is no doubt in my mind and in that of the government that the bombing of North Viet Nam is a key factor in the total equation for the de-escalation of the conflict. In the San Antonio statement of last September the President of the United States announced a new United States approach to the cessation of bombing. He said that the United States would be prepared to stop the bombing if this would lead promptly to productive talks, on the assumption that North Viet Nam would not take advantage of this significant measure of restraint on the U.S.A. side to increase its relative military strength in the south. The President's position evidently was formulated to avoid a situation in which, with the bombing stopped and the talks proceeding, the other side would be able to exert renewed and unimpeded military pressure on the ground in the south if the talks did not progress to their liking.

In setting out this approach the President had not abandoned his earlier insistence on the other side making some contribution toward bringing about military de-escalation. He did, however, present it in a flexible way which it was hoped might make it easier for Hanoi to make a gesture toward meeting this requirement without totally abandoning their forces in the south. As I understand the situation, this continues to be the basic position of the United States.

Turning to Hanoi's position, it appeared that some degree of change had taken place there too. In the past, one of the problems has been that Hanoi, for whatever reason, had been unwilling to commit itself publicly to anything more than a demand that the United States stop bombing North Viet Nam, and unwilling to give a firm commitment on whether or not this would be a first step toward a negotiated peace. In an interview in January 1967, the North Vietnamese foreign minister said that talks "could" take place if the bombing stopped. Speaking at a reception at Hanoi in December, almost a year later, he said that talks "will" take place once United States attacks on North Viet Nam had stopped.

At the turn of the year, then, it seemed to us that while the positions of the two sides remained some distance apart, there were signs of change which deserved further attention. Accordingly I instructed our commissioner in Viet Nam, Mr. O. W. Dier, to proceed to Hanoi to deliver a letter from me on behalf of the government to the North Vietnamese foreign minister, seeking confirmation and clarification of his year end statement. I also reaffirmed the importance Canada has attached to the international commission as an agency which could make a useful contribution to the establishment and maintenance of some element of confidence between the two sides while talks were in progress. In issuing these instructions to our commissioner I hoped it might be possible to find some way of bridging the remaining gap between the San Antonio formula and the formula outlined by the foreign minister for Viet Nam in his year end statement.

• (8:10 p.m.)

The United States had said that the bombing could be stopped in return for an undertaking to talk, plus the exercise of military restraint by the north while the north had said that talks would follow the cessation of bombing. What I had hoped might be possible was a further modification of positions and agreement by both sides whereby the international commission might reassert its legitimate presence at key points, such as the demilitarized zone, to facilitate the exercise of restraint by both sides in terms of military activities around these key points and areas. If both sides were agreed that a commission presence of this character would be useful, this could be brought about without any change in the commission's mandate or without either side openly declaring that it would not do something or that it would do something else. In other words, the commission by its very presence, rather than by the exercise of force, could exert a restraining influence.

I very much regret having to report to the house that the reply I have received from the foreign minister of North Viet Nam, together with Mr. Dier's report on their discussions, does not suggest much flexibility in Hanoi's attitude toward factors, other than the cessation of bombing of the north, which clearly

have to be taken into account if there is to be any realistic hope that ensuing talks are to have any purpose and meaning.

Speaking before the United Nations General Assembly last September I urged that the bombing be stopped as a matter of first priority in the search for peace. I saw this, and I urged that it be considered, not as a sure-fire formula for instant peace, but as a deliberate and calculated risk. To break out of the impasse prevailing at that time it seemed to me that the United States might make the first significant move, not as a prelude to capitalution, but as a gesture which might encourage the other side to respond in kind, as indeed the north will have to do. It might then be possible for other countries, in the new circumstances which would then prevail, to mobilize pressure for corresponding concessions by the north.

I believe that that was a sensible position to take and one which seemed to me to correspond to the facts as we knew them. I still believe that the bombing will have to be stopped as a matter of first priority, since I think it will be impossible for North Viet Nam to appear to be responding to military pressure. All the information we have received from Canadian soundings, and from sources other than our own contacts in Hanoi, only serve to convince me of the validity of this view.

Whether future soundings and exploratory discussions will prove that some form of bargain can be struck, I cannot predict. For the moment the available evidence is clear about the significance to be attached, from the point of view of North Viet Nam, to a cessation of the bombing of North Viet Nam. But if the refusal of North Viet Nam to appear to respond more flexibly under continuing miliraty duress is clear, it is no less important to bear in mind the difficulty that would be faced by the United States in modifying its requirements as a direct result of the other side's spectacular military thrusts.

If the United States was not prepared to take the calculated risk we and others urged them to take at the time when the pattern of military activity on the ground was more or less constant, one cannot be too hopeful about fresh initiatives at this particular moment, but the urgent necessity to break through the stalemate on negotiations has not lessened.

There is one potential danger which must be recognized. If talks are entered into with some hope of reaching agreement and are then broken off under the pressure of one side or the other attempting to score a point by a sudden and suicidal military push, it would be all the more difficult to get them started again. A situation such as this could also be an open invitation to further escalation. This would be regrettable.

Despite the clarification which appears to have taken place in respect of the formally stated positions of the two sides, the immediate prospects for negotiations can scarcely be described as encouraging, though we do not take this as any reason why we should not persist, as other countries are doing, in trying to encourage negotiations which might lead to peace. It is true that both sides are now firmly committed to a willingness to negotiate, but I am afraid that this does not carry us very far forward, as is tragically apparent by the unbroken continuation of the hostilities.

Both sides seem to envisage rather different objectives for the talks that are to follow a cessation of bombing. For the north, the objective is to bring about the total and early withdrawal of the United States from Viet Nam. For the United States, the objective is to secure South Viet Nam from northern military pressure, so that political change can come about peacefully and through the exercise of free choice. Each side is well aware of the other's objectives, which at the moment seem mutually incompatible.

Hanoi seems to see an unreciprocated cessation of the bombing, not only as a necessary procondition to undertaking talks, but as a gesture by the United States symbolizing the beginning of the process of total cessation of all American military action in the south, and indeed total withdrawal from the scene.

We know the conditions which were laid down by the United States at the Manila conference with regard to its intention to withdraw after six months, given the existence of certain conditions.

For their part, the United States and South Viet Nam have insisted on some measure of military restraint being exercised by the north, once again not as a final answer to the problem, but as representing a North Vietnamese realization that its military objectives cannot be met, and that its objectives cannot be met by military means.

We must maintain the commission presence in Viet Nam. This is first of all our international obligation, and we must be alive to any

possible move which will help find a way out of the present impasse. This is our political obligation. The government accepts these obligations and, as it has done in the past, it will continue to play an active role in any search for peace in Viet Nam.

The immediate problem remains what it has been; how to get negotiations started. I reiterate that this is a matter of the greatest urgency and that a cessation of the bombing will clearly have a key significance in moving the problem in that direction. But the intractibility of the problem is demonstrated by the fact that the bombing has not been halted, that military restraint is not being shown and that talks have not been entered into. This suggests that future efforts to narrow the gap between the two sides may have to be directed to matters of political substance as well as to the terms and conditions for a beginning of talks. We are urgently examining this aspect of the matter at this particular moment.

I have never believed that stalemate and rigidity are adequate grounds for a "do nothing" posture, and abandoning all efforts because past endeavours have proved unrewarding.

• (8:20 p.m.)

I am sure, Mr. Chairman, that everyone in this house and everyone in the world is greatly concerned about the situation in Viet Nam. I am sure that we are not alone in our efforts to try to bring about at least preliminary talks between both parties. When our ambassador was in Hanoi recently we had a reaffirmation of the willingness of the North to talk, but we were not given any indication when those talks would take place, except that we were informed they would take place at an appropriate time. It would have been very helpful had we had some indication as to when they might take place, as this would have enabled us and other countries to impress upon the United States the desirability of action that would bring about the beginning of talks that might lead ultimately to a settlement.

Reference was made by the hon. member for Greenwood today to the use of the Security Council. He correctly said that the Security Council was established as a means of avoiding situations that threatened the peace, or situations that had resulted in a violation of the peace. If North and South Viet Nam and other countries involved in this situation were subject to the authority of the Security Council, there is no doubt that would be the place where this matter should be discussed. That would be the place where the great powers and the other, non-permanent members of the Security Council would be given an opportunity of taking steps that might lead to the negotiations that everyone wants to see undertaken.

The fact is that any action by the Security Council would provide nothing more than a place to debate. Some distinguished senators of the United States, notably Senator Mansfield who has been strongly opposed to the war, have for a long time urged that the matter be taken by the government of the United States to the Security Council. I can assure my hon. friend that this matter has been carefully considered by the Canadian government and other governments represented on the Security Council, great powers as well as non-permanent members.

The Secretary General of the United Nations has himself been opposed to taking this matter to the Security Council, for the reasons that I indicated at the outset, namely that the parties who are an integral part of any settlement are not subject to the authority of the Security Council because they are not members of the United Nations organization. His view is that it is within the framework of the Geneva powers that this problem should be discussed and should be resolved.

The Canadian government has not opposed this view. For a long time we have felt that if the matter could be brought within the Geneva framework, that is where the matter would more likely be settled or where greater progress would likely be made. But the fact is that one of the co-chairmen, the Soviet union, has been reluctant to call a meeting of the Geneva powers. The British government, as the other co-chairman, has been anxious to have discussions within the Geneva framework; but its action alone will not bring the other powers to the conference table under the terms of the Geneva agreement.

We continue to support the positions of countries, however, which take the view that the matter ought to be considered within the framework of the Geneva agreement. We support the position, for instance, of India; but it is a fact that the other member of the commission, Poland, has not supported this view. So countries have had to resort to whatever opportunities were open to them in their effort to try to help bring about a solution; in

the case of Canada, the use of the access that is available to us, as a member of the commission, to the capitals of both countries, in addition to the efforts we have made by the sending of a special emissary to Hanoi on two occasions in the person of Mr. Chester Ronning.

But while the United Nations Security Council has not been seized of this matter, for the reasons that I have given, reasons supported strongly by the Secretary General, this does not mean that the matter has not been discussed in the United Nations. Indeed, at the last General Assembly the United States ambassador, Mr. Goldberg, himself initiated a discussion of the problem and there was a very wide discussion in the General Assembly debate on the question of Viet Nam. It was during that debate that Canada, Denmark, and Sweden called upon the United States to stop the bombing as a first act that might lead to some action on the part of the North which in turn might lead to preliminary discussions.

So this conflict, the seriousness of which is in the minds of everyone, continues to be our concern and we continue to do everything that we can to try to bring about some flexibility in the position of both sides, in the hope that we might in some way or another bring the parties together.

I am sure that it is the duty of all governments in the world to continue this process. We have not only used the United Nations, but we took advantage of ministerial discussions at NATO last fall, at Brussels, and in the previous spring in Luxembourg, to have an airing of this problem. The Canadian government will continue to use all its influence and every available opportunity that is presented to it to try to bring about a solution of this problem. It is only fair to point out that all of this is being done—

Mr. MacDonald (Prince): Mr. Chairman, would the minister accept a question?

Mr. Martin (Essex East): Just a minute. As I was saying, Mr. Chairman, it is only fair to point out that all of this is being done at the suggestion of the President of the United States himself, who said in April of 1965, following the appeal made by the 17 unaligned nations, that he welcomed the effort of countries to try to bring about a narrowing of the gap and to try to bring about a discussion that could lead to a settlement of this matter.

I know of nothing more that the Canadian government could do in its efforts to try to help bring about a solution to this regrettable war, which has great significance not only for the United States, not only for its neighbour Canada, but which has an apparent bearing on the posture and the mood of the whole world.

Mr. MacDonald (Prince): Mr. Chairman, I wonder whether the minister would accept a double-headed question. First of all I refer to the minister's previous references to the International Control Commission, which he referred to a number of times again this evening. It has been some time now since this commission has been able to issue a report. I wonder whether the minister thinks it would be not only possible but advisable, in view of this situation, that if the whole commission is unable to agree on some report, our representatives on the commission were to issue some form of report indicating the situation as it actually obtains at present, and some of the possibilities that might be applied, further to those which have already been applied by our government in regard to the cessation of bombing.

My second question, if I may tie it in with that, is as follows: In view of the fact that there is likely to be a very thorough reexamination of the basic policy of the United States in Viet Nam, I wonder whether our minister or members of this government have entered into discussions with representatives of the United States government with regard to the long term interests of the United States in Viet Nam in particular, and in southeast Asia in general, and whether or not we have stated our position on this important question.

• (8:30 p.m.)

Mr. Martin (Essex East): Yes, we have stated our own position. I think my hon. friend mentioned this when he spoke on this subject in the house last year, and he will recall that a few months before I had outlined the Canadian position with regard to the post-settlement period. We have discussed this with the United States and, as my hon. friend knows, the President announced in his Baltimore speech the position which the government of the United States would take with regard to the rehabilitation and reconstruction of southeast Asia, including Viet Nam.

With regard to the question of a report, there would be no objection, so far as Canada's position on that commission is concerned,

to a report such as is being suggested. However, under the terms of the commission there has to be agreement between a majority of the members of the commission. It does not have to be a report that is unanimously supported. It will be recalled that in 1962 the commission did make a report. It was a majority report supported by Canada and India. There is certainly no objection from Canada to such a report.

Mr. Douglas: May I ask the Secretary of State for External Affairs two questions. The first one has to do with the statement made by Secretary General U Thant on his return from a series of exploratory investigations, in which he gave it as his considered opinion that a cessation of the bombing of North Viet Nam would result in meaningful negotiations within two weeks. I want to ask the minister if, in the light of his correspondence with the foreign minister of North Viet Nam, and the report of Mr. Dier, he shares the feelings which U Thant had as a result of his investigation. In other words, does he feel that the assumption which U Thant drew from his conversations was fully warranted?

Mr. Martin (Essex East): I have publicly stated that the opinion expressed by the Secretary General is one that I would hope represented the true situation, and I do not have any doubt from the talks that I have had with the Secretary General himself that he believes that if the bombing did stop for the period mentioned there would be meaningful discussions. His information was based on views expressed to him in Paris by someone who represented the government of North Viet Nam, but someone who was not in high authority. Apart from this statement by the Secretary General our own discussions with the foreign minister and with members of the government of North Viet Nam yielded the information that there would be talks, but no indication when those talks might take place. This information has been passed on to the Secretary General. Indeed the government of France, about the same time as the statement was made by the Secretary General, expressed the view that if there was a cessation of bombing there would be talks shortly thereafter.

I wish that I could say that the information transmitted to us, which resulted from direct discussions with the governments concerned, confirmed the optimism of the Secretary General. But having said that, I do want to reiterate that I strongly support the position taken by the Secretary General, one that is perfectly consistent with the position we ourselves took last September, that the cessation of the bombing would transfer the onus to the north and was in the present situation the only means we know which might conceivably lead to talks.

Mr. Douglas: I wonder if I may put my second question to the minister very briefly. Am I correct in assuming from the minister's statement that there is no serious difference of opinion respecting the suggestion that a cessation of the bombing would probably result in negotiations, but that the difficulties are twofold: one, the matter of when the negotiations would take place; and two, the proviso laid down by the President of the United States in his San Antonio statement that there must be some commitment by North Viet Nam with reference to the building up of its military strength in the south? Am I correct in assuming that the real obstacle lies in the fact that the United States is insisting that the artificial division, the military demarkation line between North and South Viet Nam, has now become an international boundary and that North Viet Nam should be required to discontinue supporting whatever forces it may have in South Viet Nam? Is that the real obstacle lying at the root of any meaningful negotiations?

Mr. Martin (Essex East): The answer to the question is no. The United States have said that they would be prepared to stop the bombing if they could be assured that talks would take place, and if some indication was given as to when these talks would take place. This is the information we were seeking to get.

As I speak tonight I choose my words carefully, but I still hope that the government of North Viet Nam, knowing that the American government is prepared to stop the bombing, would not only say they will enter the talks but would give an indication as to when these talks would begin. If that is done, I would feel very optimistic that we might begin to try to find a solution to this regrettable war.

Mr. Douglas: I do not wish to weary the minister, but I have a final question for him. May I ask him when the United States have ever publicly said that they are prepared to cease the bombing if they get a definite time as to when negotiations will begin, without the proviso which was contained in the San Antonio statement that they must also have

an assurance with reference to any build-up of military forces or any continuation of support of the military forces which North Viet Nam has in the south.

Mr. Martin (Essex East): I do not think I can add to what I have said. I have chosen my words rather carefully. I hold the strong view that if we could have an indication that there would be meaningful talks and that the date would be indicated, this would enable us to help bring about the kind of negotiations for which we have been working for a long time.

• (8:40 p.m.)

[*Translation*]

Mr. Laprise: Mr. Chairman, I listened with great interest, even with admiration, to the statement made to-night by the hon. Secretary of State for External Affairs (Mr. Martin) on the problem of war in Viet Nam. It was clear to me that he was fervently hoping that this war would end, and I can assure him that my party and myself—and I am convinced it is also the wish of all the Canadian people—are hoping that this war will come to an end as soon as possible.

We perceive more and more that this is a useless war. It appears to us, in every sense, as a war based on pride between two very powerful blocs facing each other in a very weak country from industrial and agriculture points of view, in short, in an underveloped country.

I have often wondered why those two blocs which are now clashing in Viet Nam, which fought in Korea a few years ago and which will perhaps clash elsewhere later on, have never fought on their own territory.

Every day in Viet Nam, like Korea and elsewhere, innocent victims are being killed, wounded or disabled for life, even though, in that part of Asia, the life span is generally shorter than elsewhere. It is that situation which makes us shudder.

Mr. Chairman, I do not think that the Viet Nam war is so much more cruel than any other war. All wars are cruel and should all be outlawed by civilized peoples. It seems to me that in the twentieth century, all the nations of the world should be civilized enough to understand one another and to prevent such wars.

We have witnessed many demonstrations, especially in the last few months, in favour of the cessation of bombing and the withdrawal of the United States from Viet Nam. Judging from these numerous demonstrations in Canada, in the United States, in England and in other European countries, one would think that the Americans are the only ones involved in this war. All the demonstrators want the Americans to go home, but there are very few appeals for the communists to withdraw as well.

We know that the United States have spent and are still spending hundreds of millions of dollars for all sorts of weapons and supplies for the war. They are also losing many young men. But against whom or what are they fighting? Can we believe that little North Viet Nam can alone face both the Americans and the South Vietnamese? Of course not. North Viet Nam is obviously helped by the other bloc, which is the communist bloc.

Like many Canadian citizens, Mr. Chairman, I would say that this war must stop as quickly as possible, the Americans must get out of Viet Nam, just like the other side.

The Secretary of State for External Affairs asked again tonight that negotiations continue or start, provided the bombing is stopped. The communist bloc would like the bombing to stop first and the Americans would like at least the assurance that the negotiations will start beforehand.

I agree with what many others have said in this house as well as elsewhere. It would be better to start with negotiations, because during negotiations less blood is shed. If negotiations were started in the right spirit, they could bring peace to Viet Nam and still the fears of those who now see a third world war coming.

On January 1, 1966, a group of Catholic Vietnamese priests presented a manifesto on the Vietnamese conflict and said among other thing;

> Since, under present war conditions, the North and South, as well as the great powers which support them, have in fact proved that they cannot, on their own, put an end to the war because of the illusory hope of victory or the capitulation of the other side, it appears that the only means, or almost, that might lead to the cessation of hostilities, to negotiations and to peace (which, a least, spares he most bloodshed), is to recognize U.S. mediation and arbitration, to have recourse to it and to co-operate sincerely with that organization.

According to the statement of the hon. Secretary of State for External Affairs this evening. I understand that the International Control Commission seemed to be the only one to have the right to look in on the Vietnamese conflict. Now, I should like to ask

him whether the United Nations would accept to undertake negotiations with a view to putting an end to that war, provided, of course, it were asked to do so; and whether this organization might stand a better chance of success than the International Control Commission, because it does seem that the commission is unable to initiate the negotiations which would appear to be the only way to put an end to this war. If the International Control Commission seems powerless, I think we should resort to another international body in an attempt to settle this conflict, because it will have to stop sooner or later. It does not seem possible, at least for the moment, that one of the two belligerents should gain a victory.

If we can avoid the genocide of the population of that part of Asia which, like any other nation, has a right to life and to self-government, I think it would be time to consider the possibility of establishing in that area a durable peace which might extend to the neighbouring states.

Not long ago, on October 5, 1967, an editorialist of *L'Action* of Quebec city, Mr. Odilon Arteau, asked himself the following question:

What is going on exactly in Viet Nam?

He mentioned what several writers, namely French writer Suzanne Labin, and men like Father Patrick O'Connor and Father Raymond de Jaegher, who have lived for years in Viet Nam, had said regarding the Vietnamese conflict. In his editorial, Mr. Arteau summarized the ten points made by these three journalists, all of them experts on Asian problems, and whose views were in complete agreement with the views of 20 other American and British experts who had also spent years in Viet Nam.

I quote:

• (8:50 p.m.)

Let us summarize the views of those experts who are in complete agreement, I repeat, with the views expressed by well-known experts, versed in all questions connected with the Far East.

1. It was the Viet Cong which started the hostilities in South Viet Nam and carried them on for several years before the American government was compelled to give substantial aid to South Viet Nam.

2. The Viet Cong is a political movement directed by communists. Its purpose is to establish a communist government in South Viet Nam.

3. Since 1954, the South Vietnamese government has constituted a true Vietnamese government and it is now fighting to gain its independence. No prominent nationalist in South Viet Nam has deserted to the Viet Cong since 1954.

[Mr. Laprise.]

4. The people's revolutionary party which is controlling the Viet Cong is a branch of the communist party in North Viet Nam. The Viet Cong itself is organised, armed and trained by North Vietnamese.

5. The Viet Cong have used terror, torture and cold-blooded murder in a way that differs only in quantity from Hitlerian atrocities.

6. The North Vietnamese communist regime is amongst the toughest and most brutal in all Asia. All opposition is exterminated.

7. Up till the time when the North intensified its attacks, the South Vietnamese population enjoyed a standard of living greatly superior to that of the North. Industries were prospering, schools, clinics and welfare services were rapidly increasing in numbers. From 1954 to 1963, there have been in South Viet Nam, in an atmosphere of great liberty, four national elections.

8. As amply shown by the files of the International Control Commission, the communists have broken and frequently violated the Geneva agreements.

9. President Johnson has continuously offered to hold unconditional peace talks with Hanoi. Hanoi, Peking and Moscow have rejected all offers. The burden of proof is now on the side of the communists.

10. If the United States stopped defending South Viet Nam as they do, Laos and the whole of the south and southeast Asia would lose their determination to resist a communist takeover, and all this half of the globe would be lost. Chinese domination over southeast Asia would be disastrous for the United States, since sooner or later Japan, India, Pakistan, the Philippines and many other countries would be lost.

From these ten points, Mr. Chairman, can be seen the strength of communist power in Viet Nam and that part of Asia. I think that we cannot condemn without a trial the United States and other countries of the free world for coming to the aid of the southern portion of this country which does not want communism.

So, Mr. Chairman, such is the situation in Viet Nam. Both the free and the communist worlds are wasting in that war considerable amounts of money and irreplaceable human lives. That must stop.

If both communists and Americans did their utmost to promote freedom and prosperity, if as many efforts and as much money were spent to help those underdeveloped countries, quite different results would be achieved, but unfortunately, too many people still seem to profit by such clashes. Too many people seem to be making large profits through those losses in human life, that destruction which they feel must rage in some part or other of the world, so that they may grow rich by manufacturing war weapons.

If some measure of control is needed, Mr. Chairman, it is needed at the level of these industries which are shedding human blood. If, instead of making war, we were all trying to develop the resources of all the countries of the world, we would reach step by step the stage where man would no longer have to fight against man in order to have the right to live and think, where all men would collaborate in exploiting the natural resources of our planet and all would benefit equally from the material and spiritual progress necessary for personal achievement and for that of the whole community.

Therefore, Mr. Chairman, I think that all of us in this house and in the whole country should do all that is humanly possible to bring about these negotiations as soon as possible, in order to put a stop to this ridiculous war which is destroying lives and which may spread not only to Asia but to all parts of the world.

Mr. Chairman, I do not think we have too many recommendations to make to the hon. Secretary of State for External Affairs, for I am aware of his views on this subject. Nevertheless, I can assure him of the support of our group in everything he will undertake with the UN or with the International Control Commission in order to enter into negotiations as soon as possible, to put a stop to bombing on both sides. It is the only hope that is left us for the settlement of this conflict which, I hope, will end very soon.

[*English*]

Mr. Lewis: Mr. Chairman, I hesitate to hold up the committee, and I thought a great deal before rising. The Secretary of State for External Affairs made what was obviously a prepared and measured statement, but I must say to him that that statement was as disappointing as it was measured. It seems to me that the minister attempted to emphasize his and the government's belief in the necessity for ceasing the bombing of Viet Nam, yet at the same time attempted to justify the refusal of the United States to cease that bombing. His entire speech seems to me to have been a kind of roundabout play that sought to do both things; but I do not think you can do both things, Mr. Chairman.

I do not know what the Secretary of State for External Affairs, or anybody else for that matter, means when he refers to meaningful negotiations. Whether or not the negotiations are meaningful will only be evident after they have started. However, if U Thant and the minister are right, that a cessation of the bombing is essential for any negotiations to begin, then in all kindness to the minister I say to him that it is mere gobbledegook not to recognize that the refusal of the United States to cease that bombing is an obstacle to negotiation.

Mr. Martin (Essex East): That is exactly what we have said.

Mr. Lewis: Then I would be glad if the Secretary of State for External Affairs would rise and clearly say so. He indicated, for example, that even though Hanoi had stated its willingness to talk provided the bombing ceased, it did not say when.

• (9:00 p.m.)

Mr. Martin (Essex East): That is right.

Mr. Lewis: I still do not know what the Secretary of State for External Affairs means exactly. It is probably due to my dumbness.

Mr. Martin (Essex East): The hon. gentleman is not dumb, and he knows it. I said we believe the bombing should stop and that this should be the first step. This was the position we took in September and it is the position we take now. It is not agreed to by the United States. It was because we knew that the United States did not agree that we sought to get some indication from the north of when the talks would begin, in the hope that it might persuade the government of the United States to stop the bombing as the Secretary General has urged, and as we urge.

Mr. Lewis: With great respect to the minister, that does not enlighten me. If he believed, as I have no doubt he did, that a cessation of the bombing was essential to the start of negotiations and if, after two years of urging by members of this party at least, and by many others across this country, he finally did state publicly that he wanted the bombing to stop, I say to the hon. gentleman that if he is right, and means it, he ought to criticize the power which refuses to stop the bombing. He tells us he sent someone to Hanoi to get an idea when talks could be expected to begin. Is he suggesting that Hanoi had said: Let the United States stop the bombing first and then we shall see whether we can talk? He cannot mean that, because he emphasized that the foreign secretary of North Viet Nam had stated on New Year's day: If the bombing ceases, there will be talks. Does the hon.

gentleman mean that the answer was: We shall not give you a date precisely until such time as the bombing ceases, but we repeat our intention to talk when the bombing ceases? If that is the difference, it seems to me a refusal to cease the bombing on that kind of excuse is entirely reprehensible and I see no reason why the minister cannot say so.

Throughout his speech the minister failed to inform the committee about one important aspect of this issue—whether the United States is ready to negotiate not only with North Viet Nam but with the Viet Cong or its political arm, the National Liberation Front, a question which is of great importance to the other side in this war. I have not yet seen an unqualified statement by the United States that they would be willing to deal with the N.L.F. I have seen statements to this effect surrounded by qualifications and reservations but I have never heard a clear statement that they would meet with the N.L.F. at the negotiating table. Yet, as my leader reminds me, one of the difficulties is that the puppet government in South Viet Nam has stated publicly and formally that under no conditions would it be willing to discuss peace with representatives of the National Liberation Front.

The Secretary of State for External Affairs made another unhappy statement, even though I am sure he did not want to convey the impression which it conveyed to me. He said it was difficult to get North Viet Nam to agree to talk, and that now, because there had been considerable activity on the ground on the part of North Viet Nam and the Viet Cong, we could not expect the United States to be ready to act very quickly.

Mr. Martin (Essex East): I did not say that.

Mr. Lewis: That is what I understood the minister to say.

Mr. Martin (Essex East): Well, the hon. member had better read it again.

Mr. Lewis: I have not been able to read the text of the minister's statement. If he does not accept my interpretation he can correct me, now. I understood him to say that the situation is now more difficult as far as the United States is concerned because the action on the ground has gone against its forces in Viet Nam and it was obviously difficult to expect the Americans to give the appearance of yielding to military pressure.

[Mr. Lewis.]

What this adds up to is that when the fighting is going well for the Americans they impose conditions for talks which are unacceptable, and when things are not going well they decline to talk because to do so would appear to be yielding to military pressure. All this appears to put to nought the minister's attempt to walk an even road, to sit carefully on the fence between the two sides engaged in the conflict and make sure that when he condemns one side he gives equal condemnation to the other. It does not seem to me that the situation justifies such an approach. This is not to say that North Viet Nam has been as eager to step forward as many of us would have liked. As my hon. friend from Greenwood pointed out, a resolution approved at our party convention in July suggested that Hanoi ought to make its position clear. It seems to us, however, that when on January 1 of this year Hanoi said "stop the bombing and we will talk" the burden immediately shifted to the United States to do so, to cease bombing. I regret very much that the minister should have made a statement expressing continued hope that the bombing would stop while at the same time attempting to justify United States failure to change its policy in this respect.

I suggest that the most bewildering and the most shattering comment on this situation was made the other day by Secretary of State Rusk while giving evidence before the Senate committee on foreign affairs. I do not have the quotation before me, but when it was put to him that the Hanoi authorities had declared clearly on January 1 of this year that they would talk if the bombing ceased, the answer given by Secretary of State Rusk was: I do not believe the North Vietnamese are ready to surrender. This was the most significant comment one could find, because it gave an inkling of the kind of thinking the state department is engaged in, and the kind of thinking which is influencing United States policy in connection with this disastrous war. They do not accept opportunities to stop the bombing and start talking, or at least they will not take the risk of stopping the bombing. I point out that it could be resumed, unfortunately, if no results were forthcoming—not that I would support its resumption. From the viewpoint of the Pentagon, it could be renewed if the effort for negotiation failed.

What is preventing Washington from taking this first, essential step, and what is preventing our government and the Secretary of

State for External Affairs from having what I would call the courage, in this desperate world situation, to say clearly both in this house and on the floor of the United Nations that the responsibility has now shifted to Washington, Hanoi having said it would talk if the bombing ceased?

• (9:10 p.m.)

This to me was the most disappointing part of the minister's speech. I have no doubt that he is utterly and completely sincere in his search for a solution to the problem. I have no doubt that the government is utterly and completely sincere in that it does and in all it has done. I am not trying to denigrate the little the minister has done in seeking a cessation of the bombing, or the good things he has done by sending envoys to Hanoi. But I do not think this is enough.

After a little thought, I was not prepared to have this debate end with the kind of statement which the minister made, which it seems to me indicated no policy whatever except continuing along the same road. My hon. friend, the hon. member for Greenwood, was as aware as the minister of the limitations of a discussion at the Security Council. All members of this party in this chamber, and members of our convention and federal council who urged that the matter be brought to the Security Council, are well aware of the limitations.

We are well aware that North and South Viet Nam are not members of the United Nations and are not subject to the authority of the United Nations. But let me remind the Secretary of State for External Affairs that that has not stopped the United Nations from dealing with other situations. There have been more than one situation in which the Security Council has discussed and attempted to act upon matters when some of the parties concerned in those matters were not members of the United Nations.

There would be nothing to prevent the Security Council from discussing this matter, and for the United States at the Security Council to make some commitment that would be a first step toward negotiations. And, indeed, since behind the scenes the Soviet union is as important perhaps as Hanoi itself, then the presence of the Soviet union at the United Nations in the Security Council may well be of considerable value in a discussion by that council, and in the negotiations which would be carried on at the council, and behind the curtains between official council sessions.

We are well aware of the limitations, but I do not think that the reason which the Secretary of State for External Affairs has given for not placing the matter on the agenda is a valid reason. I conclude, Mr. Chairman, by repeating that I find it extremely disappointing that the government spokesman should tell us he still believes in the necessity for ceasing bombing North Viet Nam, and in the next breath attempt, by a description of events, to justify American failure to carry out that policy.

I was terribly disappointed and distressed by the fact that the government is apparently attempting to carry on a policy which on the one side says this and on the other side says that. In the meantime this horrible war continues. Thousands of Vietnamese are killed daily. The danger of escalation grows every day.

The press today reported that the administration in Washington was not going to send 260,000 men to Viet Nam, but it was going to increase its manpower there by 35,000 to 50,000. Mr. Chairman, one does not have to be a diplomatic or military expert to know that if you have agreed to increase your manpower today by 35,000 to 50,000 and the war lasts any length of time, then further escalation of your manpower is almst a certainty. In that situation it seems to me that members of this committee and the people of Canada cannot be satisfied with the kind of statement which the minister made in so desperate a situation.

[*Translation*]

Mr. Mongrain: Mr. Chairman, it is quite obvious that, as far as the Viet Nam war is concerned, we all agree that it is a dirty war which should come to an end as soon as possible. It is quite obvious also that everyone is hoping that a way can be found to put an end to it.

There is no doubt also that opinions differ when it comes to evaluating what steps should be taken to that end. And there is some evidence of this, because the hon. member who spoke before me said that he was extremely disappointed about the position taken by the Secretary of State for External Affairs (Mr. Martin).

Personally, I feel quite differently about that statement. I would say that it is realistic, reasonable, in the circumstances, and even rational, frank and courageous, since he is in a position where it takes some courage to say openly to the American giant what one thinks he should do or not do.

That attitude of the hon. Secretary of State for External Affairs is for us a relief after those chain demonstrations which seem inspired, in most cases, by professional rioters, anarchists who today take advantage of this occasion to rebel against authority, to promote all kinds of violent and sometimes bloody riots and who, tomorrow, will find a pretext to instigate trouble in the social classes of various countries.

I say that the attitude of the hon. minister is also a relief from the unjust and unrealistic propaganda which is spread throughout the world, according to which the United States alone is to blame in that dirty war waged by the Vietnamese people, at the present time, and which concerns all the people of the world, because we know that a spark would be enough to set off an international and world-wide catastrophe.

However, it is exaggerating to say that the United States alone is to blame. Even if the newspapers do not give all the publicity they should to the atrocities which are perpetrated by the North Vietnamese, they do exist, not to mention the murders in series committed by those so-called North Vietnamese soldiers in South Viet Nam. They systematically murder the mayors and councillors of the municipalities, the members of the clergy, in an attempt to demoralize the people and win them over to their viewpoint. However, those atrocities should be emphasized and we should remember that even if Hanoi said, at a given time, that should the bombing stop, it would be prepared to open negotiations, it has always refused, up to now, to commit ifself to stop the infiltration in South Viet Nam of its emissaries who go there to perpetrate the atrocities I mentioned earlier and to try and demoralize South Viet Nam.

Mr. Chairman, I should like to quote the testimony of a prominent member of the Catholic clergy who lived in Viet Nam for 22 years, and who recently came back to Canada. While we discussed the Viet Nam situation with a promiment member of the American clergy who belonged to the category which we call the hawks—the member of the Canadian Catholic clergy would rather have been on the side of the doves,—he explained to us that following his 22 years experience, in Viet Nam, he would consider it a catastrophe—and that is the word he used—if the United States would withdraw from that part of the world without first securing certain conditions as they seem determined to require at the present time.

[Mr. Mongrain.]

• (9:20 p.m.)

It is true that we are all concerned about this war, that we find it dreadful, that we wish it would end as soon as possible, but we must be fair and I think it is dishonest to be always blaming the Americans only for its length and atrocity.

However, Mr. Chairman, this injustice could perhaps incite the government of Canada, which cannot do much at the present time, to act as the guiding light, as it were, of the nations involved in this conflict. This is perhaps the time for us to re-examine to some extent our international policies and our military commitments to other countries.

This may be the time for us to ask ourselves whether Canada, instead of intensifying its war effort, would not be better advised to take the necessary steps to gain credit with the nations of the world, as a peace agent or as a foster-father to the underdeveloped countries, as a neutral arbitrator in international disputes.

In order to do this, Mr. Chairman, we should of necessity revise not only our present military commitments with other countries, but also, and to quite an extent, our economic policies, because we know that to a large degree our economy is based on the production of war machinery, ammunition and equipment. I know this could not be achieved on a short term basis; I know it might entail a revolution of sorts in methods we had reason to adopt until now; I know it would probably entail planning a revision of our economy and our scientific research, which is also based to a large degree on the war industry; and orienting them towards peace industries.

This is a process which may not materialize before ten years, because I know that it is a field where drastic changes cannot be made overnight. We cannot change our habits so rapidly and reduce the military estimates to nearly nothing; I know that, on the contrary, it will require a systematic and extensive review. But I wonder, Mr. Chairman, whether the time has not come for Canada to take such action, because there are, in fact, very few countries that could enjoy the confidence of all the countries in the world, that could act as neutral arbitrators, peacemakers, in such conflicts, and not be suspected of having favoured one of the parties involved.

I understand, Mr. Chairman, that it implies a kind of revolution which cannot be

launched aimlessly, but I still say that in the time in which we live, it might be a role better suited to our position and to our thinking. We could fulfill the duties of good samaritans to the world, thus winning the trust of the people who today are quite concerned about what is happening in the world and wonder whether it is not the beginning of the end of time. In fact, it is a natural and instinctive reaction to feel terrified at the thought of the destructive power of nuclear weapons which goes beyond the wildest imagination.

Once again, Mr. Chairman, I am in favour of a revision of our policies and when I say that I have the impression, that the conscience of the Secretary of State for External Affairs is somewhat moved, because we know him, in this house and in the country, as a man of peace, who may not have in his hands at the present time everything which is necessary to revolutionize drastically and quickly the thinking of Canada but who, in the long run, might consider a re-examination of our habits in the sense which I mentioned earlier.

For the time being, Mr. Chairman, I think that any non-partisan and objective person who sincerely wishes a settlement of that unfortunate conflict, will recognize that the hon. Secretary of State for External Affairs in his statement this evening which in fact is only a repetition of at least two or three other statements made here or at the United Nations, has taken a stand which seems to me realistic, responsible, rational, frank and courageous, under the circumstances, and which in my opinion, will be perfect if, during the next five or ten years, we would not only rethink our military effort, but also redirect it, as a good samaritan would, so that our efforts for peace be really effective.

[*English*]

Mr. Herridge: Mr. Chairman, I do not wish to detain the house, but just prior to six o'clock I made a few brief remarks on these estimates. At that time I referred to that senior official of the Seafarers International Union in the United States, that criminal, that gangster, that fugitive from justice, Harold Chamberlain Banks. In all kindness I should like to ask the minister if he can report to the house whether he has had any favourable response to his protest to the Secretary of State of the United States. I should also like to ask him whether he will look into the suggestion I made at the request of some other people, with regard to this incident.

Mr. Martin (Essex East): I will do that, Mr. Chairman. We have asked the United States to reconsider the ruling, as my hon. friend knows. We have been advised that they are now examining the note we delivered last Thursday. I have not had an official reply.

Mr. Johnston: Mr. Chairman, on this discussion of the estimates of the Department of External Affairs I feel it would be unfortunate if I should let go this opportunity to discuss the current Canadian position on Rhodesia. I know from recent statements that this government is prepared to support further restrictive sanctions against that *de facto* government, in spite of the very obvious failure of the existing policy to bring down the government of Mr. Ian Smith, to improve the conditions of the African majority of that land, to add at all to the peace, security and stability of that region of Africa, or to bring forth any thanks or commendation from the African nations in the rest of the continent. The policy is one guaranteed to fail and one that we can criticize on a variety of grounds. Mr. John Sparrow, writing in the *Sunday Times* of London referred to Jonathan Swift and gave an example of what he would say were he alive today and viewing the Rhodesian situation. John Sparrow says:

> It is plain, too, on which side his feelings would lie in Rhodesia: the attacks he launched in "The Drapier's Letters" upon a government who, by oppressing the English ascendancy increased the miseries of the native Irish, would be deployed against a policy aimed at British settlers, only to intensify the hardships of the Africans—"Take care lest the severities you are so eager to inflict upon your kith and kin are not visited on the wretches whose well-being you profess to have at heart. No native in all the land will eat a crust of bread the more because you have taken away the cake from the table of his betters."

It seems to me that this is a very true comment on the situation in Rhodesia, and one which should give Canadians pause to think at a time when we make suggestions that this policy be intensified.

Then we could read from a statement by Elspeth Huxley when writing a letter from Africa entitled "Entering 1968". She is an author of considerable talent and ability, and one who knows the continent very thoroughly. She says this about the situation in Rhodesia:

• (9:30 p.m.)

> The third major tragedy of 1967 has been a total failure to cut through the Rhodesian knot. If to

increase the real wealth of Africa is the one thing that really matters, those responsible for keeping on the sanctions policy should be prosecuted for the crime of wilful impoverishment. While sanctions have failed either to bankrupt Rhodesia or to dislodge Mr. Smith, they have succeeded in slowing down, and in some cases reversing, the country's development. Rhodesia could be producing more meat, more maize, more of many things needed by the world's hungry people. To prevent this is a crime against humanity considerably blacker than withholding the vote from a majority of Africans until a fairly basic level of education qualifies them to exercise it. If Britain, the United States and other countries had pumped in oil, and bought all Rhodesia could produce, more Africans would by now have got to the voters' rolls and majority rule would have been that much nearer, instead of even further away. As it is, everyone has lost, most of all the Africans.

She then goes on to say:

It is not even as if Britain was buying African goodwill with her lost trade. She is buying nothing but abuse and contempt, coupled with a demand for more aid without the least wisp of string attached.

Again I think we might give considerable thought to that statement. We might also take the word of an authority that perhaps even the hon. minister would recognize as being anything but right wing. This is the word of an outstanding person in today's world. I speak of Helen Suzman, the progressive representative in the parliament of the Union of South Africa, the sole representative of that political party. In the *Sunday Times* of August 13, 1967 she was asked:

You and your friends wouldn't like to see force used at this point?

This was in reference to Rhodesia. She replied:

I really do not think you could accomplish anything by using force. You have to realize, too, that if you go against the people who are in power in Rhodesia it is more than just putting things down by force: you have to realize that you have to face the situation thereafter, of armies, of occupation, and other untenable prospects.

When she was speaking of the attitude of South Africa toward Rhodesia she said:

There is no doubt that Smith has lasted much longer than people, myself included, thought he would. I think to a large extent he has more or less won his battle.

Then finally on South Africa, again in relation to Rhodesia, she said:

I also do not believe that anyone can impose anything from outside today on South Africa. The changes, if they are to be lasting, and viable, have to come from within.

[Mr. Johnston.]

Yet we have set on a course to attempt to force change from without against knowledgeable and expert advice from people who know Africa best, and against the best interests of the very people we purport to be assisting. What thanks do we get? Are we able to influence any African nation to follow the path that we would like to see them follow? The record of the last few months has been laughable. Has there been a moment when the Canadian government has dared to suggest to the government of Kenya that it end its policy of apartheid against the Asians resident in that land? Would we have the courage or the nerve to challenge these people with sanctions? The answer of course is no. We say we will do what we can to ease the problems of refugess from that land. We dare not suggest any change in the governmental policy there which would ease the problems of those people who are fleeing that land and who, by their flight, will bring it to an economic depression or an economic situation which will result in a request to us to provide aid in order to repair the damage they are busy doing themselves. This will be aid, over and above the taking in of some thousands of refugess.

When the neighbouring country of Uganda follows the same policy will we be able to raise one small voice of protest? Will we be able to remind them of the sanctions we placed on Rhodesia? We have done everything we can to develop that policy of sanctions. We have interested ourselves in southwest Africa. We have driven South Africa out of the commonwealth of nations. We have done all of these things and we have never wavered from our misguided policy in respect of Africa. Will we be able to ask Uganda to listen to us? The answer again is no. We will not even dare make a suggestion, and if we did it would not be listened to. We will be faced in a couple of years time with the problem of opening our doors again to another group of refugees, this time from Uganda.

What about that incident in the country of Gabon? The really important thing about this is not what it does to our internal trouble or what we might think of the government of France. The important thing is that it underlines more dramatically than anything else that our entire policy in Africa over the last 10 or 15 years has gained us not a single friend in that country. We needed one at the time of this incident. The Gabon people could have said to France: We cannot possibly slight

this government in Ottawa because it has stood so resolutely and so long for African nationalism. Is this what happened? The answer again is no. The government in Canada was snubbed and slighted and received no thanks for the stand it held so stubbornly.

Would we as Canadians have dared to appeal to the government of Malawi to ease its pressure on the religious group, the Jehovah Witnesses, in that country? Has this government listened to the representations to use its good influences with that state on behalf of this religious sect, which is being persecuted there now? The answer again is no. Not only would we be afraid and hesitate even to suggest such a thing to them, but there is no good will on which to rely. Nothing has been gained from our policy in Rhodesia and in South Africa through the years.

We have no influence with the governments of the undeveloped nations, of Africa, many of which are far more sophisticated politically than is this government in Ottawa. They know that this government will never change its policies, so they are free to advocate a course of democratic freedom at the United Nations and to practise whatever policy they wish against their own people in Africa.

Dare we involve ourselves in the apartheid that is being practised in Nigeria at the present time? We may wring our hands and deplore the unhappy situation there. I noticed an appeal on behalf of Biafran refugees from Africa landed on my desk recently. It was endorsed by various members of this chamber. We know that because of the very policies that this government has followed so long, we have no influence in Nigeria.

• (9:40 p.m.)

We have been so busy attacking the governments of South Africa and Rhodesia that we have shut our eyes entirely to the evils of apartheid being practised in other sections of the same continent. I hold no brief at all for apartheid, but I believe that our policy in the southern regions of South Africa should be one of far greater realism than the one we have been so wishfully and wistfully following for so long. I think we would be of far greater assistance to all the peoples of Africa, black and white, if we were to follow a policy that improved the development of that part of the world and ended our policy of sanctions, because it is useless, wasteful and damaging to the very people it is designed to help. We could go so far as to recognize the existing government of Rhodesia.

The Assistant Deputy Chairman: Shall vote 10c carry?

Mr. Prittie: Mr. Chairman, I rise only to ask the minister whether he is going to make any statement or reply concerning the points about external aid which I raised, and which my colleague the hon. member for Springfield raised this afternoon. I should like at sometime to have some comments from the minister on this subject.

Mr. Martin (Essex East): Mr. Chairman, the agencies of the United Nations, as my hon. friend so well knows, are particularly well placed to render assistance in the field of family planning and to assist countries which request it. The United Nations development program, the World Health Organization and UNICEF are all in one way or the other attacking the problem of family planning at the request of the less developed countries. The Canadian government is of course a major contributor to the budgets of these organizations, and we are taking an increasing and definite interest in this matter.

Mr. Johnston: Mr. Chairman, could I ask one question of the minister? Has the Canadian government made any representation to the government of Malawi on behalf of the Jehovah's Witnesses group there, who have alleged a policy of religious persecution being waged against them in recent months?

Mr. Martin (Essex East): Mr. Chairman, we have complained of discrimination against various religious bodies in a number of countries. I cannot say offhand whether we have in this particular instance, but I will make immediate inquiries. If representations have been made to us, or we are made aware of such representations, we do take strong action.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I would like to take advantage of the study of the supplementary estimates of the Department of External Affairs to deal with something new, a matter widely discussed during the last month.

I mean the incident between Canada and Gabon, a small African country with a population of approximately 575,000 inhabitants, that is hardly more than that of Quebec city and its suburbs. One day the Secretary of State for External Affairs (Mr. Martin) tells us that relations between Canada and Gabon have been broken off.

I would like to say, Mr. Chairman, first of all that diplomatic relations between Canada and Gabon were never established. The ambassador for Gabon had yet to present his credentials to the government in Ottawa, just as the Canadian ambassador had to present his to the government of Gabon. Still, we are told: We are breaking our relations.

Canada, which has seldom used that formula in the past, like a Don Quixote at the conquest of a windmill, suddenly says it breaks off relations which had never existed, with a very small country, Gabon. That almost takes on an international aspect. What must be done? Is Canada going to declare war on Gabon? The fact remains that relations are broken off which never existed.

Can the hon. Secretary of State for External Affairs explain to us how this new formula works out in international affairs? How can relations be broken off when they have never existed? Indeed, it is a mystery to me how relations can be broken off which have yet to be established.

But, before giving the hon. minister time to answer this question, I should like to speak about the fundamental problem.

There are two conflicts in this overall problem. The first opposes the Ottawa government and the Quebec government; the second the Ottawa government and the government of Gabon.

The conflict between the Ottawa government and the Quebec government is as follows: A meeting of the ministers of education of French-speaking countries is being held in Gabon. Quebec says: Under the British North America Act, education is a provincial matter, and therefore, falls within the Quebec jurisdiction, as Quebec is the only French-speaking province in Canada. As education is a provincial matter: it falls to Quebec to attend and take part in those meetings on education which group French-speaking countries.

On the other hand, the federal government says: Yes, but this is external relations, because an invitation is extended by a sovereign country, Gabon, to another sovereign country, Canada; this is therefore a question of external relations. Now, as external relations are the responsibility of the federal government, the hon. Secretary of State for External Affairs for Canada tells us: Gabon should have invited the federal government.

However, the purpose of that meeting was not to deal with international matters or external relations, but with educational problems common to French-speaking countries. In order to achieve that aim, the ministers of education had to get together and to that end, invitations had to be sent from one country to the other.

The invitation which brought about that conflict is only a means of achieving that purpose, namely to discuss problems concerning education which comes under provincial jurisdiction. Who is right, then? Is it the provincial authorities who look after education or the federal authorities who felt entitled to get the invitation? Which point is more important? Is it the discussion on education or the invitation to the conference? Undoubtedly, it was a discussion on education, and this concerns Quebec authorities.

The point of view of the government of the province of Quebec was this: in the field of education, the only jurisdiction is provincial. On the other hand, the federal government was affirming its jurisdiction over external affairs. But the only thing that had something to do with this field was the invitation. For Quebec, it was a question of discussing educational matters, over which the provinces, in this case Quebec, have exclusive jurisdiction.

Therefore, this implied nothing essential for Ottawa. In fact, the only thing involved was something purely incidental, that is to say an invitation, whereas for Quebec it had to do with educational matters, therefore with something essential over which the province has jurisdiction.

• (9:50 p.m.)

The conflict between Ottawa and the Republic of Gabon stems from the fact that Gabon did not invite the minister of education in Ottawa, since it sent invitations to the ministers of education of French-speaking countries. Since there is no minister of education in Ottawa, Gabon could not invite anyone from the federal department. On the other hand, if Gabon had invited the hon. Secretary of State for External Affairs, he could not have attended the talks on education in Libreville, because he is not a minister of education but the Secretary of State for External Affairs. The invitation was not extended to ministers of external affairs but only to ministers of education, and how could the minister of education in Ottawa have been invited when he does not exist? If the Libreville government had sent an invitation addressed to the hon. minister of education,

Ottawa, Canada, the letter would have been returned with the mention: wrong address, since there is no minister of education in Ottawa.

If such an invitation had been sent to the federal minister of education, what could Ottawa have done? Return it with the following explanation: Excuse us, but there is no such individual in Ottawa. Then, nobody would have been invited to represent Quebeckers at the meeting of the ministers of education of French-speaking countries.

What minister of the federal government could Libreville invite? Surely not the Minister of Justice (Mr. Trudeau) who was quite ready to advocate the breaking off of negotiations! Moreover, it was not a meeting of the Ministers of Justice. It was not, furthermore, a meeting of the Ministers of National Defence, of Prime Ministers or Ministers of Finance, because it was a meeting of ministers of education and there is no such post in Ottawa. The Minister of National Defence (Mr. Cadieux) could not be invited, because he would have spoken about Bomarcs and nuclear weapons.

The invitation had to be sent to a minister of education. And there is no such minister in Ottawa. Therefore, the invitation was sent to the right place, at the provincial level, and it would have been a mistake to send it to Ottawa where there is no such minister. But there is a minister in charge of French education in Quebec and the invitation was sent to him.

Therefore, disagreement between Ottawa and Quebec was as unwarranted as disagreement between Ottawa and Gabon. It was a storm in a teapot, it was picking a quarrel needlessly, breaking off relations which did not exist, and that problem which should never have arisen was all in the minds of Ottawa officials. There are enough problems in Ottawa without trying to create new ones. Each minister tries to make problems for himself and it would seem that they try to outdo each other in that respect.

An hon. Member: Quebec also.

Mr. Grégoire: Now that everything is over, that everything has been done, that relations that never existed have been broken off, the Prime Minister (Mr. Pearson) announces that Ottawa had suggested that the invitation be sent to Ottawa, that a Canadian delegation participate to a conference of French speaking countries on education, and that Ottawa could have appointed a Quebec minister as head of the Canadian delegation to that meeting of education ministers. Such a suggestion, it seems to me, must have been embarrassing coming from a Canadian Prime Minister. How is it that the Prime Minister of Canada has felt compelled to seek a simple minister, in a simple province, to appoint him as head of the Canadian delegation? There is something contradictory there, something that good federalists like the Minister of Forestry and Rural Development (Mr. Sauvé) could not accept. I know that the minister would not have gone there because rural development was not a topic of discussion there.

The Quebec government denied having received such a proposal from the Ottawa government, and even if it had received it, it would have found it unacceptable. Indeed, it would have been unthinkable, in my opinion, that the Quebec minister of education should accept to take part in a conference on education as spokesman for the federal government, which has no authority, no jurisdiction in that field.

In view of these facts, Mr. Chairman, I should like to say that the Secretary of State for External Affairs made a serious blunder on that occasion. I consider him competent in other fields but in the Gabon incident, he has, it seems to me, been adversely influenced by other persons. I see that the minister would like to say a few words on that subject and I conclude in expressing the hope that the Quebec government will accept the proposal made by the hon. member for Dorion, Mr. François Aquin, who said that the Quebec government, in order to correct the situation, should open a Quebec house in Libreville—for the whole of Africa—such as the ones that already exist in Paris, London and Milan. Thus, the injustice toward a small and peace-minded country would be rectified.

Therefore, I hope that the Quebec government will be able to rectify the colossal blunder made by the federal government and that the Quebec government will establish a Quebec house in Libreville, so as to represent this country in all of Africa.

[*English*]

Item agreed to.

15c. Assessments, Grants, Contributions and other payments to International (including Commonwealth Organizations and International Multilateral Economic and Special Aid Programs as detailed in the Estimates, $1.

Item agreed to.

Business of the House

External Aid Office—

35c. Economic, technical, educational and other assistance as detailed in the Estimates, $100,000.

Item agreed to.

L27c. To increase to $2,500,000 the amount that may be charged at any time to the special account mentioned in Vote L13a of the Appropriation Act No. 6, 1964 that was established for the purpose of financing posts abroad, and for advances to personnel on posting and for medical expenses; additional amount required, $500,000.

Item agreed to.

The Assistant Deputy Chairman: This completes the estimates of the Department of External Affairs. It being ten o'clock, shall I rise, report the resolutions adopted and ask leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I should like to ask the government house leader in what order the supplementary estimates will be considered tomorrow.

Mr. MacEachen: The supplementary estimates will be considered in the order listed, beginning with the Department of Consumer and Corporate Affairs, followed by the Department of Defence Production and the Department of Industry under the same minister, and then the estimates of the Department of Energy, Mines and Resources. I should like to point out that if by the end of the afternoon the consideration of the estimates of the Department of Consumer and Corporate Affairs is not completed, I will call the estimates of the departments which I have already mentioned.

• (10:00 p.m.)

Mr. Starr: I should like to ask a question so that we may know tomorrow when we consider the estimates of the Minister of Consumer and Corporate Affairs whether, in view of the fact a board will be set up to review costs and prices, it is the intention of the minister to introduce an amendment to reduce some of these estimates?

Mr. Knowles: Mr. Speaker, I do not want to interfere with the answer to that question, but I have one I should like to ask as well.

[Mr. Grégoire.]

Could we be informed tomorrow, before we begin consideration of the estimates of the Department of Consumer and Corporate Affairs, whether we will be proceeding this week with Bill No. C-190?

Mr. MacEachen: As suggested earlier today, I propose to have a meeting with the house leaders tomorrow morning. Possibly illumination on that point will issue from that meeting.

COMMITTEES OF THE HOUSE

CHANGES IN PERSONNEL OF STANDING COMMITTEES

Mr. Bernard Pilon (Chambly-Rouville): May we revert to motions, please, Mr. Speaker?

Mr. Deputy Speaker: Is it agreed that we revert to motions?

Some hon. Members: Agreed.

Mr. Pilon moved:

That the name of Mr. Stafford be substituted for the name of Mr. Cowan on the standing committee on broadcasting, films and assistance to the arts.

That the name of Mr. Ryan be substituted for the name of Mr. Cowan on the standing committee on health and welfare.

That the name of Mr. Groos be substituted for the name of Mr. Cowan on the standing committee on veterans affairs.

That the name of Mr. Noël be substituted for the name of Mr. Cowan on the joint committee on printing.

That the name of Mr. Caron be substituted for the name of Mr. Cowan on the joint committee on parliamentary restaurant.

That the name of Mr. Patterson be substituted for the name of Mr. Leboe on the standing committee on labour and employment.

That the name of Mr. Addison be substituted for the name of Mr. Goyer on the standing committee on transport and communications.

Mr. Deputy Speaker: It has been moved by the hon. member for Chambly-Rouville:

That the name of Mr. Stafford be substituted for the name of Mr. Cowan on the standing committee on broadcasting, films and assistance to the arts.

Shall I dispense?

Some hon. Members: No, no.

Mr. Deputy Speaker:

That the name of Mr. Ryan be substituted for the name of Mr. Cowan on the standing committee on health and welfare.

That the name of Mr. Groos be substituted for the name of Mr. Cowan on the standing committee on veterans affairs.

Some hon. Members: Shame, shame.

Mr. Deputy Speaker: Order.

That the name of Mr. Noël be substituted for the name of Mr. Cowan on the joint committee on printing.

That the name of Mr. Caron be substituted for the name of Mr. Cowan on the joint committee on parliamentary restaurant.

That the name of Mr. Patterson be substituted for the name of Mr. Leboe on the standing committee on labour and employment.

That the name of Mr. Addison be substituted for the name of Mr. Goyer on the standing committee on transport and communications.

Is it the pleasure of the house to adopt the motion?

Some hon. Members: No.

Mr. Knowles: May I ask one question before the motion is carried? How is it the hon. member for York-Humber was on so many committees?

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, this motion can be debatable. Since it is past ten o'clock, I ask that the debate on this motion be adjourned until tomorrow.

Under standing order 32 (1)(m), this motion is debatable. I therefore ask that it be adjourned until tomorrow, as there is a matter of principle to be discussed.

[*English*]

Some hon. Members: Ten o'clock.

Mr. Deputy Speaker: It being ten o'clock, and there appearing to be objection to the motion now before the house, would the house agree that the motion be considered tomorrow?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

HEALTH AND WELFARE—SASKATCHEWAN—RESTRICTION ON FEDERAL CONTRIBUTION UNDER MEDICARE

Mr. L. M. Brand (Saskatoon): Mr. Speaker, on Monday, February 12, the Prime Minister made a statement in the house regarding the implementation of medicare. In part, and as reported at page 6599 of *Hansard,* he said:

> Today it remains the concern of the federal government to find the best way in which federal and provincial action can most effectively contribute, once the present legislation has come into effect, to achieve a practical medical care program available to as many Canadians as possible as soon as possible.

He went on to state that the act, with all its ramifications, will come into effect on July 1 of this year, and that at the outset only one or two provinces would participate since only one or two had satisfied the criteria set down by the government of Canada. The province of Saskatchewan will be one of those provinces, Mr. Speaker, and it certainly qualifies under the criteria because since 1962 the government of Saskatchewan has had in effect a comprehensive medical care program.

Coming into the scheme with only one other province, and perhaps another one or two, it cannot of course hope to meet the requirements of portability since the question comes to mind as to where and with whom can such a plan be portable. However, that seems to be beside the point, and I await with interest how the present government plans or intends to implement this particular part of the medicare criteria.

However, Mr. Speaker, as I read the Prime Minister's remarks it does seem clear that the Prime Minister wishes federal funds to be used to provide medical care for citizens of our individual qualifying provinces; but nowhere has the government stated unequivocally that the funds to be provided for medical care to the provinces will be grants conditional upon their use for the provision of payment of physicians' services or other essential portions of the medical care program.

As a consequence, Mr. Speaker, on March 12 I asked the Minister of National Health and Welfare whether the money designated for Saskatchewan under the medical care program becoming effective July 1 would be designated for use for medical care only. I asked this question for a very valid reason indeed. Under the medical care legislation passed in Saskatchewan in 1962, the government of Saskatchewan has the power to introduce deterrent fees or other fiscal measures designed to deter citizens from making use of the medical care plan, and thus save the government money.

Proceedings on Adjournment Motion

Recently in Saskatchewan the government has stated that the costs of medicare are rising so rapidly that it would be necessary to introduce a deterrent fee of $1.50 per patient per office visit in order to save approximately $5 million which the government—and I quite believe this—claims it does not have. This money is necessary to meet the increase in costs of medical care in Saskatchewan. This deterrent fee will start on April 15. In addition, Mr. Speaker, $2.50 will be charged the average patient for every day that he is in hospital.

Since it seems obvious that such catastrophic deterrent fees will penalize those who are least able to pay, surely it is equally obvious that if this government will state unequivocally that the grants for medical care are conditional upon their use for medical care only in the province of Saskatchewan and other provinces, this will obviate the necessity for the introduction of this deterrent fee.

Since the amount coming to Saskatchewan in one year will be somewhere in the $12 million to $14 million range, this would mean that this year somewhere in the neighbourhood of $6 million would be available for the people of Saskatchewan and would save them from the imposition of deterrent fees. It would also save them from the burden of additional double taxation.

An answer at this time from the minister, or from his charming parliamentary secretary, would mean a great deal not only to the people of our province but to the people of every province. It would prevent an indiscriminate use of medical care funds for the purpose of balancing provincial budgets which have been overburdened by other expenditure on such things as highways, public buildings and the like. So I ask the minister through his parliamentary secretary to do the people of Saskatchewan a favour and assure them that the federal medical care funds will be used and designated for the purpose for which they were intended, namely the provision of medical care for the people not only of Saskatchewan but in every part of Canada.

• (10:10 p.m.)

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the payments made by the federal government to a province under the Medical Care Act are based on the national average per capita cost actually incurred by the medical care plans of all participating provinces in payments to medical practitioners for insured services provided to insured residents of those provinces.

Consequently the federal financial contribution during any fiscal year is a reimbursement of moneys actually spent during that fiscal year and there is no designation as to what use the province must put it.

Co-insurance charges payable by or on behalf of an individual patient are not recognized as provincial costs in determining the national average per capita cost.

IMMIGRATION—ADMISSION OF SEASONAL FARM LABOUR FROM WEST INDIES

Mr. J. E. Madill (Dufferin-Simcoe): My question goes to the Minister of Manpower and Immigration and it relates to the subject I raised on Thursday, March 14—the bringing in of seasonal labour from the West Indies. My supplementary question, when I asked why the minimum wage rate had been so drastically increased, was ruled out of order.

To preface my remarks I should like to place on record telegrams received from growers and distributors of vegetables in the Bradford and Holland Marsh area which are nationally known. There is no end to the number of these telegrams; I shall place only a few of them on record so that the minister may understand how urgent this question is; the growing season is fast approaching and greenhouse work is being carried out in preparation for the coming crop and in anticipation of this labour being used.

The first telegram reads:

> Strenuously object to minimum hourly rate of $1.45 for West Indies casual labour. This will only speed up the primary producers being forced out of business and raise the living cost of our population. These people are happy to work for our minimum rate of $1.25. If impossible to change suggest discontinue unemployment benefits for months prior to November to divert local labour for the harvest.

This comes from Springdale Farms at Bradford. Another telegram of the same nature comes from Hillside Gardens, Bradford:

> We strongly object to hourly rate of $1.45 for West Indies casual labour. With transportation and housing etc. this comes to two dollars plus. Would be happy to use Canadian labour for this short period of time if available.

The following telegram was sent by Federal Farms:

> Vigorously protest increase imposed for West Indian farm labour. Rate in addition to transportation, free housing, far exceeds minimum wage set

by government and local rates. This increase confirmed the entire immigration program established could be in jeopardy. Our minimum muck soil acreage is 400.

In drawing attention to this subject I am working in co-operation with the hon. member for Lambton-Kent (Mr. McCutcheon) and the hon. member for Kent (Ont.) (Mr. Danforth). I find in the Windsor *Star* of Tuesday, March 12 an article headed: "Jamaicans' pay increase hit". It is a long article, but it reads in part:

In addition to a guaranteed minimum of $58 a week, the Jamaicans are provided with living accommodation and their fare to and from Jamaica by plane, which is $140 return on charter flights and $275 return when they have to be carried on regular flights.

The experience of employers in 1967 was that Jamaicans employed on a piecework basis on tomatoes and apples earned more than the $145 minimum.

In the same article a Hamilton union chief is reported to have protested to the Ontario department of labour that Jamaican workers were ill paid and ill housed while they were in Ontario. The writer continues:

The most significant part of the protest was that the official misrepresented all the conditions under which Jamaican workers are allowed into Canada.

He even indicated that workers brought in had to pay their own air fare, when actually the only deductions made for this purpose are made at the request of the government authorities in Jamaica, who want to recover transportation costs of workers from Trinidad and other islands to Jamaica, before they embark for Canada.

With the Prime Minister (Mr. Pearson) speaking of restraints and the Minister of Consumer and Corporate Affairs (Mr. Turner) studying a chain of food stores, I cannot understand how the Minister of Manpower and Immigration (Mr. Marchand) can act in this way, adding further to the costs of producers and merchandisers who have to compete in world markets.

According to the Ottawa *Journal* of March 15 our jobless total is the highest since 1964. It stated that farm jobs dropped by 23,000 in one month. With 750,000 unemployed I cannot see how raising the wages of these Jamaican workers—some are experienced and some are not—can do anything but make the situation worse. If unemployment insurance were held off for a longer period, to the fall, possibly some of our own unemployed would work to help these market gardeners harvest their crops.

I hope the minister will reconsider this matter and retain the minimum wage at $1.25 for these immigrants coming in as casual labour. I would point out that these people are expecting an answer from me, and I hope the minister can do something about the matter.

Hon. B. S. Mackasey (Member of the Administration): Mr. Speaker, in the brief time at my disposal I shall try to acquaint the hon. member as to how this minimum figure was arrived at. On March 1 the Minister of Manpower and Immigration (Mr. Marchand) announced that in the summer of 1968 we will once again admit seasonal agricultural workers from the West Indies to help with harvesting of crops in southwestern Ontario. This decision was not an easy one. There are indications that Canadian workers available for seasonal work in agriculture, especially students, will have more difficulty in finding summer jobs than last year. In fact this question was raised very recently by the hon. member for Oxford (Mr. Nesbitt).

The decision to go ahead with the off-shore labour program was made in spite of these indications. It was reached only because of the inherent difficulties in forecasting precisely the demand-supply relationship for a relatively small geographic area and for a type of work which is subject to fluctuations caused by climatic conditions.

The minister is very much aware of the dangers involved. If next summer there are Canadians asking for jobs, and not getting them, in the areas where there are West Indian workers under contract, he will be criticized for giving unfair treatment to Canadian labour. On the other hand, if there is a shortage of labour he will be equally criticized.

The conditions under which Canadian farmers can bring in West Indian workers this year are unchanged from last year. These conditions are not arbitrary. They were carefully reviewed with provincial representatives at a recent meeting of the federal-provincial agricultural manpower committee. The committee also reviewed the analysis made by the department of last year's movement, which revealed that the cost-benefit ratio for the West Indian workers compared well with that for domestic labour.

The hon. member for Dufferin-Simcoe (Mr. Madill) will certainly agree that it would be irresponsible to relax the conditions even more than they were last year, in view of the

manpower forecasts and other warnings. These conditions remain the same. The starting and departure dates for these workers are the same as last year. The maximum duration of four months for their stay in Canada was retained in spite of the fact that last year West Indian workers on average stayed here for only eight to 12 weeks. The cost of transportation as distributed between the workers, their governments and the Canadian employers was also left unchanged. Now, I think this is the significant part.

The minimum wage rate as set for 1968 had to be adjusted if we wanted to retain the same conditions as in the last two years. It is based on two separate sets of statistics published by the Dominion Bureau of Statistics. In 1966, the first year of the West Indian program, the minimum rate of $1.25 was based on the January 1965 daily wage rate, without board, that Ontario farmers paid their permanent help. This Ontario rate increased by 17.1 per cent in the next years. As a result we had to increase the 1968 rate for West Indian workers by the same percentage to $1.45.

Only a few days ago the Dominion Bureau of Statistics published more recent data. According to this report Ontario farmers in January 1966, paid their workers $1.25 an hour, which corresponds exactly to the rate we set in that year for West Indian workers. In January of this year the Ontario farmers paid an average $1.44 per hour, which again corresponds closely to the rate we set of $1.45 for West Indian workers for the coming season.

Mr. Deputy Speaker: Order. I must advise the minister that the time allotted to him has expired.

Motion agreed to and the house adjourned at 10.22 p.m.

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF EXTERNAL AFFAIRS

10c, 15c, 35c, L27c.

APPENDIX

COMMUNIQUÉ AND PRESS RELEASES FOLLOWING MEETING OF CENTRAL BANK GOVERNORS

DEPARTMENT OF FINANCE

Ottawa, March 17, 1968

68-37

The Honourable Mitchell Sharp, Minister of Finance, tonight welcomed the decisions announced in the communique issued in Washington today by the Governors of the Central Banks contributing to the Gold Pool. He noted the subsequent statement issued by the Governor of the Bank of Canada in which the Governor said the Bank of Canada would cooperate in the policies set forth in that communique, as other Central Banks had been invited to do. The Minister stated that he had assured the Governor of his support of this policy, which would apply to the gold held by the Bank on behalf of the Minister of Finance as part of Canada's official reserves.

The co-operation in the policies set forth in the Washington communique will not require any change in the practices that have been followed in the management of Canada's gold reserves, nor any change in the practices followed in the disposition of the output of Canadian gold mines.

DEPARTMENT OF FINANCE

Ottawa, March 17, 1968

68-33

The Honourable Mitchell Sharp, Minister of Finance, tonight made public the text of a telegram he had sent to all banks and to other dealers in gold requesting them to continue until further notice the suspension of trading in gold that was instituted on Friday in response to his request Thursday evening.

"In view of the important decisions relating to non-official markets for gold taken in Washington today by the central banks contributing to the gold pool I request that you continue to suspend trading in gold until further notice."

BANK OF CANADA

Ottawa, March 17th, 1968

The Governor of the Bank of Canada, Louis Rasminsky, announced tonight that as part of the large increase in Swap facilities between the Federal Reserve System and other central banks announced in Washington today the reciprocal credit facility between the Bank of Canada and the Federal Reserve System has been increased from $750 million to $1,000 million.

Mr. Rasminsky also stated that in response to the invitation addressed to other central banks in the communique issued at the conclusion of the Washington meeting of the Governors of the central banks of the contributing members of the Gold Pool, the Bank of Canada would co-operate in the policies set forth in that communique.

Communiqué

March 17, 1968.

The Governors of the central banks of Belgium, Germany, Italy, the Netherlands, Switzerland, the United Kingdom and the United States met in Washington March 16 and 17, 1968, to examine operations of the Gold Pool, to which they are active contributors. The Managing Director of the International Monetary Fund and the General Manager of the Bank for International Settlements also attended the meeting.

The Governors noted that it is the determined policy of the United States Government to defend the value of the dollar through appropriate fiscal and monetary measures and that substantial improvement of the United States balance of payments is a high priority objective.

They also noted that legislation approved by (U.S.) Congress makes the whole of the gold stock of the nation available for defending the value of the dollar.

They noted that the United States Government will continue to buy and sell gold at the existing price of $35 an ounce in transactions with monetary authorities. The Governors support this policy and believe it contributes to the maintenance of exchange stability.

The Governors noted the determination of the United Kingdom authorities to do all that is necessary to eliminate the deficit in the United Kingdom balance of payments as soon as possible and to move to a position of large and sustained surplus.

Finally, they noted that the governments of most European countries intend to pursue monetary and fiscal policies that encourage domestic expansion consistent with economic stability, avoid as far as possible increases in interest rates or a tightening of money markets, and thus contribute to conditions that will help all countries move toward payments equilibrium.

The Governors agreed to co-operate fully to maintain the existing parities as well as orderly conditions in their exchange markets in accordance with their obligations under the Articles of Agreement of the International Monetary Fund. The Governors believe that henceforth officially-held gold should be used only to effect transfers among monetary authorities and therefore they decided no longer to supply gold to the London gold market or any other gold market. Moreover, as the existing stock of monetary gold is sufficient in view of the prospective establishment of the facility for Special Drawing Rights, they no longer feel it necessary to buy gold from the market. Finally, they agreed that henceforth they will not sell gold to monetary authorities to replace gold sold in private markets.

The Governors agreed to co-operate even more closely than in the past to minimize flows of funds contributing to instability in the exchange markets, and to offset as necessary any such flows that may arise.

In view of the importance of the pound sterling in the international monetary system the Governors have agreed to provide further facilities which will bring the total of credits immediately available to the United Kingdom authorities (including the IMF standby) to $4 billion.

The Governors invite the co-operation by other central banks in the policies set forth above.

HOUSE OF COMMONS

Tuesday, March 19, 1968

The house met at 2.30 p.m.

LABOUR AND EMPLOYMENT

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Hugh Faulkner (Peterborough) presented the second report of the standing committee on labour and employment, and moved that the report be concurred in.

Motion agreed to.

COMMITTEES OF THE HOUSE

CHANGES IN PERSONNEL OF STANDING COMMITTEES

The house resumed from Monday, March 18, consideration of the motion of Mr. Pilon:

That the name of Mr. Stafford be substituted for the name of Mr. Cowan on the standing committee on broadcasting, films and assistance to the arts;

That the name of Mr. Ryan be substituted for the name of Mr. Cowan on the standing committee on health and welfare;

That the name of Mr. Groos be substituted for the name of Mr. Cowan on the standing committee on veterans affairs;

That the name of Mr. Noël be substituted for the name of Mr. Cowan on the joint committee on printing;

That the name of Mr. Caron be substituted for the name of Mr. Cowan on the joint committee on the parliamentary restaurant;

That the name of Mr. Patterson be substituted for the name of Mr. Leboe on the standing committee on labour and employment; and

That the name of Mr. Addison be substituted for the name of Mr. Goyer on the standing committee on transport and communications.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to say a few words about the motion introduced by the hon. member for Chambly-Rouville (Mr. Pilon), whip of the Liberal party.

First of all, it is obvious that it is designed to withdraw his committee membership from the hon. member for York-Humber (Mr. Cowan), who was a member of several committees.

Mr. Speaker, I wish to point out that independent members have always been subjected to that sort of discrimination, because they never could be accepted on or appointed to any committee.

I admit the hon. member for Trois-Rivières (Mr. Mongrain) sits on several committees, but for a very simple reason: he is a disguised Liberal.

On the other hand, the former member for Sherbrooke (Mr. Allard) was not a member of any committee.

I have not been a member of any committee since I have been sitting as an independent.

The member for York-Humber is to suffer the same fate; he is to be kept from sitting on committees. Why? Because he voted against taxes. Because he voted against the Liberal party, he is thrown out and forced to sit as an independent. He is denied the privilege of sitting on committees because he was not good, obedient. Because he did not act like a sheep, his lollipop is to be taken away from him. He is to be denied the right to sit on committees, and denied trips, etc.

• (2:40 p.m.)

In this regard, Mr. Speaker, the present Minister of Justice (Mr. Trudeau) spoke words in 1963 which can characterize the present situation. Indeed, in an article published in the April 1963 issue of "*Cité libre*" he said, and I quote:

—I wonder about the antidemocratic reflexes of the aboulic Liberal flock.

That is what he said about the Liberal party: "The aboulic Liberal herd" because, at that time, the Liberals were just like a flock, everyone voted like the leader, no one ever strayed from the beaten path and the present Minister of Justice was opposed to that.

Now, here is a member, within the Liberal party, who assumes his responsibilities, who uses his freedom, who acts like a member of parliament rather than a little Liberal sheep, a member of the "aboulic Liberal flock" and who votes according to his conscience. He is immediately thrown out. That justifies the fears expressed by the Minister of Justice when he said:

—I wonder about the antidemocratic reflexes of the aboulic Liberal flock.

It is, therefore, antidemocratic to tell all the Liberals: Vote like your leader, otherwise you get thrown out. That is the democracy of the Liberal party! After throwing them out, an attempt is made to deprive them of their candy, of their lollipops, and they are to be kept from sitting as members of committees.

The hon. Minister of Justice said more than that, Mr. Speaker. In the same article, still speaking about the democracy of the Liberal party, he said:

For the sake of realism and efficiency I had to, God forgive me, occasionally betray some of the revolts of my youth, but I have yet to trample down democracy.

If democracy is not being trampled under foot at the present time, what is happening then?

I hope that the Minister of Justice will protest against the attacks on democracy at the present time, since democracy is now under attack because the hon. member for York-Humber has been ousted from the Liberal party for his refusal to vote according to party line. Efforts are made to turn the Liberals into sheep and get them all to vote with their leader; if they refuse, they are thrown out, they are punished.

The Minister of Justice also said in the same article, and I quote:

The lead sheep having shown the way, the others followed with the elegance of cattle rushing to the feeding-trough.

That is what the Minister of Justice thought of the Liberal party in 1963. He saw it as a flock of sheep, a herd of cattle.

—with the elegance of cattle rushing to the feeding-trough.

Today, the Liberal party is on the point of doing the same thing again. It introduces a motion to increase taxes and forces all its members to vote for it, otherwise it turns them out. The Minister of Justice qualified the antidemocratic actions of the Liberal party like the one they are taking today as follows:

—even if Mr. Pearson was right in changing his mind personally, I should also denounce the autocratic Liberal structures and the extraordinary cowardice of its members.

The Minister of Justice, because he regarded the Liberal party as a flock of sheep, said:

I should also denounce the autocratic Liberal structures and the extraordinary cowardice of its members.

Mr. Speaker, I therefore say this to the members of the Liberal party: That is what the Minister of Justice thinks of you and he will think it even more later, since you are behaving in an undemocratic way by saying: We must vote like the leader, we must vote together with the party, or else we will be thrown out, no more lollipops! The Minister of Justice is calling you a flock of sheep.

I hear one of them bleating: the hon. member for Lévis (Mr. Guay)—

Mr. Speaker: Order. Would the hon. member please direct his remarks to the Chair?

Mr. Grégoire: Mr. Speaker, I want to direct my remarks to the Chair, but what I am doing today is so serious that I cannot help quoting certain statements of the Minister of Justice in order to denounce afterwards the antidemocratic reflexes of the "aboulic Liberal flock".

This is what the Minister of Justice said in a situation like that—

Mr. Schreyer: Would the hon. member allow me a question?

Mr. Grégoire: Certainly.

Mr. Schreyer: What is the title of the article which he is quoting?

Mr. Grégoire: Mr. Speaker, that is a good question. It is an article published by the Minister of Justice in the magazine *Cité libre* of April 1963 under the title: "Pearson or the abdication of the mind."

In that article, the Minister of Justice said, referring to the Liberals:

Tous des caves, ma foi.

In English, we would say: All Liberals are lousy, by God.

Mr. Speaker: Order.

Mr. Trudeau: Would the hon. member allow me a question?

Mr. Grégoire: Certainly.

Mr. Trudeau: If the hon. member is ready to take as authority what I wrote about the Liberals at that time, is he also ready to admit what I said about the independentists and Social Crediters?

Mr. Grégoire: Mr. Speaker, I am willing to agree to all that the Minister of Justice was saying then, but since that time he has changed his mind and I can tell you why. In a quotation—

Mr. Speaker: Order. May I remind the hon. member that the motion now before the

house does not deal with the Minister of Justice, with what he has said before nor what he is saying today. The hon. member should try to confine himself to the motion now before the house.

Mr. Grégoire: Mr. Speaker, I am confining myself to the motion. I am only quoting authorities on the antidemocratic complexes of the "aboulic Liberal flock", to use the words of the Minister of Justice, for I think this is antidemocratic.

The hon. member for York-Humber is not asked for his permission before he is taken off the committees. It is done without his permission, by force of numbers, by force of the "aboulic Liberal flock" which proceeds "with the elegance of cattle rushing to the feeding-trough" as the Minister of Justice said. There is precisely one sentence of the Minister of Justice which clearly condemns those antidemocratic procedures, and I quote:

> I notice in the old Liberal guard, the same cynical stupidity—

The old guard consists of those who surround him today, the hon. member for Mercier, (Mr. Boulanger), the hon. member for St. Anne (Mr. Loiselle)—

Mr. Speaker: Order. The hon. member should confine his remarks to the motion which is before the house for consideration.

Mr. Grégoire: Very well, I shall not mention any name, and I will carry on with my quotation:

> I notice in the Liberal old guard the same cynical stupidity; in the youth associations, I find the same selfish docility, and in between—

This, Mr. Speaker, is the answer to the question which the Minister of Justice asked me.

> —and in between, men of my generation who are trembling with anticipation because they had a glimpse of the painted face of power.

It is the painted face of power and honours which have made the Minister of Justice change his mind since 1963.

Mr. Trudeau: Would the hon. member for Lapointe allow me another question?

Mr. Grégoire: Certainly.

Mr. Trudeau: Has the hon. member joined the independentist party when he thought it might come into power?

Mr. Grégoire: Mr. Speaker, if the Minister of Justice thinks that we shall never come into power, it is all to my credit, because I did not join that party to assume power, but rather to promote ideas.

Some hon. Members: Oh, oh.

Mr. Grégoire: Whereas in the same article, Mr. Speaker,—

Mr. Habel: Long live freedom.

Mr. Grégoire: Another sheep is bleating, Mr. Speaker. In the same article, the Minister of Justice said, and I quote:

> But I have yet to trample down democracy. That is why, on April 8, I intend to vote for the New Democratic party.

Two years later, he was a Liberal party candidate. He is—

Mr. Speaker: Order. I remind the hon. member once again that he must confine himself to the motion before the house.

Mr. Grégoire: Mr. Speaker, I would simply like to discuss, and that is not out of order, the antidemocratic action we are taking now. It seems that in the Liberal party one must behave as if one belonged to a flock of little red lambs, if not, out! No more lollipops! No more candy!

Mr. Béchard: Mr. Speaker, may I direct a question to the hon. member for Lapointe?

Mr. Grégoire: Yes, certainly.

Mr. Béchard: Does the hon. member for Lapointe find that the Ralliement Créditiste took antidemocratic action when it threw him out a few years ago?

Mr. Grégoire: Mr. Speaker, the hon. member knows not whereof he speaks for, and I refer him to the statement of my former colleagues, they did not throw me out, I left on my own, and we remained good friends. Perhaps we had differences of opinion, but they did not throw me out, and the hon. member for Roberval (Mr. Gauthier) can tell you so. I was not thrown out by the hon. member for Villeneuve (Mr. Caouette) nor by anyone else, I left of my own free will, and hon. members opposite know it.

• (2:50 p.m.)

Some hon. Members: Yes, yes.

Some hon. Members: Oh, oh.

Mr. Grégoire: Mr. Speaker, when efforts are made to change a political party into a

flock of sheep by telling its members: You will all think the same way; if you refuse, you will no longer be allowed to sit on committees, you will be deprived of your lollipop, what happens then is exactly what the Minister of Justice pointed out in his article, and I quote:

> But what we did not realize clearly enough is the degree of intellectual decay where that is finally leading us. But now Mr. Pearson and the Liberal party are opening our eyes suddenly.

That was the Minister of Justice talking about the Liberal party, two years before becoming a member of that party of "decay", that party which he called antidemocratic.

They want nobody to depart from the party line, or else, out. The Minister of Justice was condemning this partisanship which prevents an individual from thinking for himself.

Because the hon. member for York-Humber voted against taxes, he is thrown out. They do not want him to have his own ideas, and now, they want to keep him from sitting on committees.

Here is how the Minister of Justice condemned this situation, and I quote:

> Thus, the political philosophy of the Liberal party is very simple—

I would like Liberals to listen carefully to what the Minister of Justice thinks of the political philosophy of the Liberal party!

> Say anything, think anything; or, better still, do not think at all; but bring us into power for we can provide the best government.

Therefore, if you are a Liberal, think anything you want or, better still, do not think at all. That is what the hon. Minister of Justice says. I will end by saying, of the Liberals, that they are:

> All lousy, by God!

"All lousy" that is what the hon. Minister of Justice says of the Liberals, Mr. Speaker. When one of them asserts himself, as did the hon. member for York-Humber, he is thrown out. One would think the Liberal party only likes lousy members, as the hon. Minister of Justice called them. Mr. Speaker, you are an exception. I know that you have been a member of the Liberal party. I make an exception for you.

Some hon. Members: Hear, hear.

Mr. Grégoire: The others, Mr. Speaker, as the hon. Minister of Justice said quite rightly, are "all lousy". If one of them protests, as did the hon. member for York-Humber, it does not work.

[Mr. Grégoire.]

Mr. Speaker, I would like to say this: they are trying to prevent us, the independent members, from sitting on committees. I would rather not have the lollipops and sweets offered by the Liberal party and keep my freedom. I am far from holding the same political views as the hon. member for York-Humber. We disagree about almost everything. We do not have the same political ideology. We do not think the same way, but at least I respect a man who refuses to be one of the sheep in the flock, a man who, even if he does not think the way I do, has his own opinions. We are among those who would rather be free than belong, as the hon. Minister of Justice said, to an "aboulic Liberal flock".

Mr. Speaker, I would say to the hon. member for York-Humber that it is better for him to be free than to belong to what the Minister of Justice calls a flock of sheep or a bunch of lousy people.

As for the Liberals, they now know what the Minister of Justice thinks about them and I was not the one who said so.

Mr. Speaker: Order. The hon. member knows that according to a rule of the standing orders, there can be no repetition and I think that if he reads over his speech to-morrow, he will realize that he has repeated too often the same words and the same arguments.

Mr. Grégoire: Please do believe, Mr. Speaker that the Minister of Justice made that reference several times in his article. He mentioned seven or eight times—more often than myself—that the Liberals were sheep.

Mr. Speaker: Order, please, The hon. member seems to have completed his argument; I therefore invite him to bring his speech to a close.

Mr. Grégoire: Mr. Speaker, I am willing to come to an agreement with you. Instead of continuing my remarks, I shall ask the authorization to publish as an appendix to *Hansard* the text of the article of the hon. Minister of Justice, and then I shall resume my seat.

Some hon. Members: Oh, oh.

Mr. Grégoire: Naturally, Mr. Speaker, the unanimous consent of the house is required.

Mr. Speaker: Order, please. The hon. member knows that the document could only be

published that way with the unanimous consent of the house, and I doubt very much that this consent can be given.

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

As far as I am concerned, I am willing to give my consent provided the articles are also published in which I spoke of the Conservative party, notably of the former leader of the Conservative party as well—

Mr. Speaker: Order.

Mr. Trudeau: —as what I said concerning the New Democratic party and the Social Credit party.

[*English*]

Mr. Speaker: Order. May I suggest we return to a little bit of order.

Mr. Starr: Did you say anything about yourself?

Mr. Muir (Cape Breton North and Victoria): What a leader you would make.

Mr. Speaker: Order, please.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I was ready to sit down provided the members agreed to publish the article in *Hansard*, but you said consent was not unanimous in the house.

Therefore, Mr. Speaker, this is what I wish to say in conclusion. The Liberal party should realize that it is disgraceful to act in this way. It is not because a member, who has been elected democratically, rises and speaks his mind that we should try and punish him, because everybody is entitled to his own opinion. Why tell him: "You will not sit on committees"? We must not try and punish him in this way. It is antidemocratic and the hon. Minister of Justice and Attorney General is against antidemocratic gestures, against antidemocratic reactions.

Therefore, I object to the motion. I think that it is a shame to act in this way. Such actions have been condemned by the hon. Minister of Justice and now I, myself, condemn them too. I ask that for once, we stop considering the members as mere sheep, as a flock.

Therefore, I say to the Liberals: "Try to have a little backbone." Stop crawling on all fours like curly sheep and try to hold your head back and think for yourself. In other words, and I close my remarks with this sentence: Stop being, as the hon. Minister of Justice said, lousy Liberals.

[*English*]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I may not be in complete agreement with all the sentiments expressed by the hon. member for Lapointe, but I am in agreement with some of them. It seems to me that it would have been in the best interests of the Liberal party not to have advanced this motion today after it was opposed in the house last night. There is some talk about a desire to conclude the business of the house; therefore it seems foolish to get into what appears to be a fundamental argument. This motion really asks us to undo something done by the house, not by the Liberal party. The Liberal party, as other parties, nominates those who are to sit on committees. These nominations are presented to the house in the form of motions, and these motions are normally routine. It is odd to see a motion of this type on the order paper.

In this particular case we should look at the attendance record of this member on committees. He has been on a large number of committees, and at the moment is being removed from membership on seven.

Some hon. Members: Five.

Mr. Peters: I stand corrected. My arithmetic never was very good. However, five is a sizeable number of committees. I believe this member has taken a very active part in the proceedings of those committees. There are some who disagree with the contentions he has put forward there, but I believe he has been faithful in his attendance.

• (3:00 p.m.)

I believe, Mr. Speaker, the government has been very foolish in bringing forward this motion at this time. The matter will come to a vote, and the members of the house will have to make an issue of it. The hon. member for York-Humber is not one of those who has prevented a quorum from being formed in committees of which he is a member; as far as my personal experience is concerned he has always arrived promptly and, if anything, the complaint has been that he has taken up more than his share of time in those committees. Nevertheless, this is an indication that he has been very interested and active in the committees concerned.

Another problem is this, Mr. Speaker. If after having been appointed a member of a

particular committee by his party, for some reason that has nothing to do with the operation of the committee the member has a disagreement with his party colleagues, then I think it is incumbent upon this house to decide whether any change should be made in the personnel of the committee.

This particular motion, Mr. Speaker, is not the usual type that is moved to effect changes in the personnel of standing committees, maintaining the balance on those committees as between government and opposition representatives. In this particular case the house is being asked to endorse what is an internal question, and for that reason I think this motion falls into a different category. It seems to me that unless a member of a committee is guilty of some act that warrants the chairman of that committee asking the house for his removal, changes in committees should not be made in this manner. The issue here is an internal one and should not be dealt with in this way.

Another problem that will have soon to be faced is the representation of independent members on committees. For years there has been a role for independents in this house. Many independents return to the political parties from which they departed. There is usually a fundamental reason behind the move in the first place. For example, I am sure all members recall the recent voluntary exile of one member from one of the parties in this house, owing to extreme personal reasons, reasons which were matters for his own conscience. As long as that member was of the opinion that he should serve on committees, I think the party from whence he came would have agreed to allow him to remain on those committees.

However, Mr. Speaker, there are other members who have become independents who have departed their parties on far less favourable terms and certainly with less good will, and as a result have been sent to Coventry and isolated from their ex-colleagues. I think such a decision on the part of an individual member does not warrant the isolation of that member. As I say, if the members of a particular committee do not see fit to name one of their members and bring the dispute in question before the house for decision, then the matter should not be put before the house in this way, with the house being asked to endorse the disposition of an internal dispute within one political party.

I also believe, Mr. Speaker, that in presenting this motion the Liberal party could not have used poorer political judgment if they had tried. I think they have elected the hon. member for York-Humber for some years to come as a result of the action they have taken. I do not think I am revealing any confidences when I say it has been suggested to me on several occasions over the past ten years that I take certain voluntary action. In this regard I am sure I am not alone; other members of the house have also felt strongly about particular matters.

With perhaps three or four days of the session remaining, Mr. Speaker, I think it is very poor judgment on the part of the Liberal party to take this step, at a time when they should be trying to present a unified front to the country. Certainly I hope the members of the house take this matter seriously.

Mr. McIlraith: May I ask whether the hon. member will accept a question?

Mr. Peters: Certainly.

Mr. McIlraith: I have been following his argument rather closely. Is he arguing that this house and the members of other parties should choose what particular members of the New Democratic party should represent that party on different committees? That is the logical conclusion to be drawn from his argument. Is that what he intends to argue?

Mr. Peters: No, Mr. Speaker, and I apologize if that is the impression I have left. What I said was that it was the right of the individual parties to choose who shall represent them on the various committees. I presume they choose their members on the basis of particular abilities for particular committees. However, I suggest that this principle is not being followed in the presentation of this motion. The hon. member for York-Humber was nominated by his party to five committees. What the party is now doing is disqualifying the hon. member from attending those committees simply because he has been involuntarily deprived of his membership of the Liberal party and now has the status of an independent member.

My point is that the house as a whole agreed with the nomination of the hon. member by the Liberal party. Although I believe each party has the right to make its own nominations, what the Liberal party is now doing is taking disciplinary action against the

hon. member and changing a decision previously made. I suggest, Mr. Speaker, that this is not a decision the Liberal party can make; it is now a matter for the house to decide. One of my colleagues has pointed out to me that it will take five Liberals to take the place of the hon. member; certainly that is the effect of the motion now before us.

The Liberal party, the New Democratic party, the Conservative party and the other parties in the house, as parties, have a very cosy arrangement for appointing members to committees. But, Mr. Speaker, eventually we must face the fact that the independent members, as members of parliament and as representatives of ridings, have a right to play some role in the operations of committees of parliament if those committees are really to be part of the democratic process, allowing what we consider to be the free expression of all opinions.

I hope, Mr. Speaker, that like myself all hon. members will take this matter seriously. I have never felt that members of one party should have the right to ask members of other parties to assist them in disciplining a member of their own party. I hope the members of the Liberal party will not see fit to assist in disciplining the members of my party; certainly I am not pleased that they should invite me to participate in disciplining a member of their party. I hope other hon. members will reject this invitation and will preserve the membership of these committees as initially established. If as an independent the hon. member failed to do his job on those committees, then it would be the responsibility of the chairman to cite him and ask the house to take some action. But I do not think the present action should be taken because he has involuntarily changed his political affiliation.

• (3:10 p.m.)

Mr. E. Nasserden (Rosthern): Mr. Speaker, I believe that seldom in the history of this parliament has there been presented a more arrogant motion than the one now before us for consideration. I believe it to be an intrusion into the independence of members of the house and an arrogant denial of democracy itself. Most members realize that they are elected first as members of parliament. Supporters of political parties they are, it is true, but they are elected first as members of parliament. To have a motion of this kind come before the house in an endeavour to stifle the effectiveness of a member of this house who, for one reason or another, does not see eye to eye with the political party with which he is affiliated, or with some minister with whom he is associated, is to my mind a denial of the very fundamentals that underline our Canadian democratic system.

I do not say that I agree with everything or anything the hon. member for York-Humber has said in the House of Commons; but when the whip of the government party brings forward a motion like this and in one swoop tries to take away a member's privilege to sit on house committees, he is striking at the heart of parliament.

I say too, sir, that considering the lip service this government has paid to the effectiveness of committee work, this motion is all the more despicable. Regardless of whether we have agreed in the past two years with the statements the hon. member for York-Humber has made, we know he is one of the best documented members in this shouse.

Some hon. Members: Hear, hear.

Mr. Nasserden: He has done his homework. Not only that, but he has gone into committees and voiced his opinions and come into this house and voiced his opinions without fear. I recall that in a previous parliament, on one matter I thought important I differed with the official thinking of my party. The Speaker of that day gave me an opportunity to speak even though others said it would be better if I kept quiet. I believe this house must recognize that members have a right to express their independent opinions. Surely an independent member of the House of Commons is entitled to sit on some committees of the house. Surely his electors sent him here for that purpose.

I submit that for a political party, because it has decided to kick out one of its members, to take away the privilege of that member to sit on committees, is absolutely unforgivable arrogance, and I believe the government has made a serious mistake. I hope they will reconsider the whole matter. Perhaps in serving on five committees the hon. member has done more in this regard than most other members, but surely he is entitled to sit on some committees of this house. For these reasons I oppose this motion.

Hon. Michael Starr (Ontario): Mr. Speaker, today we have witnessed another government blunder.

Some hon. Members: Hear, hear.

Personnel Changes in Standing Committees

Mr. Starr: The government's action has not helped to expedite the business of the house. Because the government party has removed from its ranks a member of this house and has at the same time taken him off five committees of the house, we have been led into a situation where 45 minutes of the time of this house has been wasted in arguing the motion.

What crime did this member commit, Mr. Speaker? He used his common sense and judgment and voted against the tax increase. For that reason he was thrown out of the party. I just want to bring to the government's attention the fact that on the original bill the hon. member for York North (Mr. Addison) voted against the government on second reading, and he was not thrown out. There must be discrimination in the Liberal party.

We are all grateful to the hon. member for Lapointe (Mr. Grégoire) who pointed a finger at the Minister of Justice (Mr. Trudeau) this afternoon. The minister's mask was torn off to reveal a childish, snarling man.

Some hon. Members: Hear, hear.

Mr. Starr: It is only fair that we should hear this afternoon from the hon. member for York-Humber. I understand he is to speak. I suggest that after he has spoken we move the adjournment of this debate so we can get on with the business of the country.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I am not opposed to this motion to replace the hon. member for York-Humber on five committees, but this gives me an opportunity to point out one or two aspects of our committee operations.

Two of the five committees the hon. member for York-Humber is on, the committee on printing and the committee on the parliamentary restaurant, do not meet very frequently. The three others, the committees on health and welfare, broadcasting and veterans affairs, are reasonably active. The hon. member for Timiskaming has said that the hon. member for York-Humber has been faithful in attending committees. He has not been so faithful at the committee on broadcasting in the past three weeks simply because he is a member of the committee on health and welfare at the same time. He has been in the health committee fighting abortion and he could not get to the broadcasting committee.

My remarks do not apply to the hon. member for York-Humber alone. Many members are on the two committees I have just spoken of and on other committees. As a consequence, for the past three weeks in the broadcasting committee we have frequently wasted an hour a day, half an hour in the morning and another half an hour in the afternoon, waiting for quorums because members are at other committee meetings. There has been the added annoyance of having members drift in to the second committee an hour or an hour and a half after it has begun and begin a line of questioning which has already been dealt with, so they take up even more time.

I suggest that if we cannot arrange a different timetable for committees, a member should be on one committee only. They could then meet regularly and we could get a great deal more work done than at present. I say without hesitation that many times during the past three weeks one hour a day has been wasted in the broadcasting committee simply because members have been at the health and welfare committee, the public accounts committee or some other committee.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I only wish to take a moment or two on this motion, and I only want to refer briefly to the committee on the parliamentary restaurant. I regret very much being removed from that committee because I thought I had earned a permanent position there because in 1963, when the committee was fearful about trying to collect outstanding accounts of some $8,800, I did so; and my collection included a remittance of over $800 from a Liberal cabinet minister and $1,100 from the chairman of the Liberal caucus.

Some hon. Members: Oh, oh.

Mr. Cowan: I thought my actions in 1963 had earned me permanent membership on the restaurant committee.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I think one or two comments ought to be made because the motion the house is now asked to deal with is a manifestation of one of the conventions that have been observed in the house for many years.

Each party is entitled to determine its representation on the standing committees. That has been well established. When the chief government whip rises in the house to move motions affecting hon. members of other parties in the house, he does not decide the committee membership for the official

opposition or the New Democratic party. These names are transmitted to him from these parties, and he makes the motion as the chief government whip. It has been an established tradition that each party decides its own members to serve on the standing committees.

• (3:20 p.m.)

If these motions are to be debatable in the future, and if this convention is to be destroyed, then it will be open to a member on this side of the house to oppose the membership of a committee proposed by the N.D.P.—

Some hon. Members: Hear, hear.

Mr. MacEachen: —and it will also be open to members of the official opposition to rise and oppose our membership. I repeat that it will be open for members on this side to oppose the nominees. We have accepted this convention. It is reflected in the motions made by the chief government whip. The member for York-Humber is no longer a member of the Liberal caucus, and surely it is open to the government party to decide the membership representing the government party on the committees.

It seems to me very, very strange for the house leader of the official opposition to raise his voice on this motion, because it is not so long since the hon. member for Winnipeg South Centre (Mr. Churchill) withdrew from the Conservative caucus, and what happened? On March 1 the chief government whip moved a motion removing the hon. member for Winnipeg North South from the standing committee—

Some hon. Members: Oh, oh.

Mr. MacEachen: —Winnipeg South Centre. Let me read the motion. It is to be found in *Votes and Proceedings* for March 1, 1968, as follows:

> On motion of Mr. Pilon, seconded by Mr. Matheson, it was ordered,—That the name of Mr. MacRae be substituted for that of Mr. Churchill on the standing committee on national defence.

Some hon. Members: Shame.

Mr. Harkness: I wonder if the minister—

Mr. MacEachen: Mr. Speaker, I have the floor.

Mr. Speaker: Order, please. The Minister of National Health and Welfare.

Mr. MacEachen: On March 8 a further motion was moved by the chief government whip:

> That the name of Mr. Rapp be substituted for that of Mr. Churchill on the standing committee on standing orders.

However the circumstances developed, in that either the hon. member for Winnipeg South Centre himself decided he would no longer represent the Conservative party or the Conservative party itself decided that the hon. member for Winnipeg South Centre would no longer be on the committees, at any rate it is undoubtedly the case, I would presume, that the opposition whip conveyed the selection of the new committee members, in substitution for the hon. member for Winnipeg South Centre, to the government chief whip. I have no complaint about that because that is the convention that has been observed in this house ever since I have been here, and I believe that on a former occasion when a member from the N.D.P. withdrew from that party a similar series of events came into play.

Mr. Lewis: Without disagreeing with what the minister has said—

Mr. Speaker: Order, please. Do I understand that the hon. member for Calgary North wants to ask a question?

Mr. Harkness: I would like to make a comment.

Mr. Speaker: The hon. member for Calgary North.

Mr. MacEachen: Mr. Speaker, I have not yielded the floor. I was going to accept a question from the hon. member for York South.

Mr. Speaker: Order, please. Is the hon. member for York South rising for the purpose of asking a question?

Mr. Lewis: I was going to ask a question of the minister. I was going to say to the minister that without disagreeing with the principle he indicated, would the minister inform the house what likelihood there is of any of the committees with which this motion is concerned actually meeting between now and the end of this session?

Mr. MacEachen: Well, Mr. Speaker, I cannot answer the question, but I expect that the broadcasting committee is to meet—

Inquiries of the Ministry

Mr. Lewis: That is why the motion is so silly.

Mr. MacEachen: —is to meet very shortly. The hon. member for York South now takes the ground that the timing is all wrong; the principle is all right but the timing is wrong.

Some hon. Members: Hear, hear.

Mr. Lewis: I did not oppose it last night.

Mr. MacEachen: Mr. Speaker, I do not want to engage in an acrimonious debate with members of the house. I have exposed the convention that is at play in this motion, a convention that has been observed in the House of Commons, that has operated in the interests of all groups in this house, and members of parliament ought to consider whether this convention ought to be supported in the future. In order to give hon. members the opportunity to reflect on the matter, I move the adjournment of the debate.

Mr. Speaker: Order, please. There is a motion for the adjournment of the debate, and this motion is not debatable. Is it the pleasure of the house to adopt the motion?

Some hon. Members: Yea.

Some hon. Members: Nay.

Mr. Speaker: Carried.

Motion agreed to and debate adjourned.

LABOUR CONDITIONS

STEPS TO STIMULATE EMPLOYMENT IN CONSTRUCTION INDUSTRY

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, on March 14 as recorded at page 7615 of *Hansard* the Leader of the Opposition asked this question of the right hon. Prime Minister. The Prime Minister is not in the chamber at the moment, but I wonder whether the Acting Prime Minister will convey this question to him:

> In view of the statement by the president of the Canadian Construction Association that the construction industry in Canada faces serious unemployment before the fall...could the Prime Minister take an early occasion to indicate to the house whether the government has any plans on hand or in mind to stimulate employment in the construction industry by autumn?

To which the Prime Minister replied:

> Yes, Mr. Speaker.

Would the Acting Prime Minister ask the Prime Minister whether he would be good enough to give us an indication or a statement on motions tomorrow as to what are the plans?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I will direct the matter to the attention of the Prime Minister.

FINANCE

CANADIAN REPRESENTATION AT MEETING OF MONETARY FUND

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, before asking my question I wonder if I may inquire whether the Prime Minister will be back during the question period.

Mr. Martin (Essex East): I think so.

Mr. Douglas: Then I will hold my question until he returns and in the meantime direct a question to the Minister of Finance. I wish to ask the minister about the meeting of the finance ministers of the I.M.F., which I believe is to be held on the 29th of this month in Sweden, and to ask him whether he intends to represent Canada at that meeting or, if not, who will represent Canada on that occasion.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, no decision has yet been taken.

Mr. Douglas: As a supplementary question, will Canada be represented? I am sure the minister will agree it is most important that Canada should be represented at this critical time. Will Canada be represented, and how soon will the minister be making a decision as to whether he personally will represent Canada, or someone else in his department?

Mr. Sharp: Mr. Speaker, Canada will of course be represented. This is a meeting in which we have a very vital interest, and as soon as a decision is made as to representation I will tell the house.

CONVERSION OF 1959 SAVINGS BOND ISSUE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Minister of Finance. With regard to the conversion of the 1959 series of Canada savings bonds, part of the conversion requirement being $27 million in 1968, is the Minister of Finance satisfied with the average interest rate of 6.88 per cent—

Mr. Speaker: Order. The question is argumentative.

UNITED NATIONS

RHODESIA—CANADIAN POSITION IN SECURITY COUNCIL DISCUSSION

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. It concerns the Rhodesian situation now being considered by the United Nations Security Council. Considering that Canada heretofore and in other places has taken some initiative, can the minister advise the house as to the role of this country's delegation at the Security Council's deliberations on this very important matter?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the security council is meeting this afternoon to consider some of the matters that have taken place recently in Rhodesia. The representative of Canada has been active in consultations during the past few days in connection with two of the matters that will be discussed in the security council, and in respect of one of these we have taken some initiatives.

[*Later:*]

Mr. Macquarrie: Mr. Speaker, I should like to direct a further question to the Secretary of State for External Affairs regarding the Rhodesian matter. Unless the Security Council is doing a rather unusual thing in having a secret session, will the minister indicate the two matters to which he made reference and delineate the one in respect of which Canada intends to do something?

Mr. Martin (Essex East): The discussions that have to do with the Canadian initiative concern the tightening of the sanctions against the Smith regime. The other matter being discussed in the Security Council, likely this afternoon, is a resolution on the implications of the executions carried out last week by the regime.

CYPRUS—CONTINUATION OF PEACE KEEPING OPERATION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question likewise is for the Secretary of State for External Affairs. In view of the announcement that the Security Council has given its approval to a three month extension of the peace keeping force in Cyprus, is it the intention of the Canadian government to continue its participation in this force?

Inquiries of the Ministry

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I indicated last week that the Security Council had decided to renew the mandate as of March 26. I shall be bringing this matter to the attention of my colleagues shortly.

Mr. Thompson: Is it the intention of the government to attempt to make a different arrangement so far as the financing formula is concerned, or is the government going to continue the same contribution it has been making?

Mr. Martin (Essex East): Mr. Speaker, I should like to see a change made in the contributions paid by members to the United Nations, but in the absence of an arrangement Canada does not propose to shirk its responsibilities.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, may I ask the Secretary of State for External Affairs whether it is correct to say that this may be the last extension required owing to the improvement in the political situation in Cyprus, and that the force may either be withdrawn or reduced?

Mr. Martin (Essex East): There has been some improvement in the situation on the island but I do not think the improvement is such that it would warrant the view that this may be the last renewal of the mandate.

NATIONAL SECURITY

QUEBEC—REPORTED ESTABLISHMENT OF GUERRILLA TRAINING CAMPS

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, this question is for the Minister of Justice. Is it the intention of the government to investigate charges made by the latest candidate for the Liberal leadership to the effect that guerrilla training camps have been operating in northern Quebec, and that a Cuban aircraft flew in and out of the isolated area without R.C.M.P. knowledge?

Hon. P.-E. Trudeau (Minister of Justice): I will have to take the question as notice, Mr. Speaker.

[*Translation*]

WINTER WORKS

DESBIENS, QUE.—INQUIRY AS TO PROJECT AT DESBIENS, QUE.

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I wanted to direct a question to the

hon. Minister of Manpower and Immigration but, in his absence, I shall put it to his parliamentary secretary.

What was the answer given by the minister to the letter sent to him by the mayor of Desbiens, on March 15, with regard to a winter work project estimated at $40,000?

Mr. Speaker: I hesitate to suggest to the hon. member to put his question on the order paper, since there is talk of adjournment. Under the circumstances his question could be considered in order.

[*English*]

GRAIN

WHEAT—INQUIRY AS TO FINAL PAYMENT FOR 1966-67 CROP

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, in view of the possibility that the house may soon adjourn, and in view of the fact that the wheat pool for the 1966-67 crop year has been closed since March 1, almost three weeks, can the Minister of Trade and Commerce advise the house when the final payment to the wheat producers will be made and how much it will be?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I have been in continual touch with the Canadian Wheat Board to see whether the payment might be expedited. The work is progressing and I think the final payment will be announced a week from today. It will be around that date, but at this time I am unable to say what the total amount will be.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a supplementary question for the Minister of Trade and Commerce. Does the question asked by the hon. member for Medicine Hat represent the extent to which the abilities of that hon. member have been utilized by the government since he joined the Liberal party?

Mr. Speaker: Order, please. The question is out of order on many grounds. That type of question should not be asked.

FINANCE

INQUIRY AS TO AMENDMENT OF FARM IMPROVEMENT LOANS ACT

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, my question is for the Minister of Finance. In the absence of any legislation affecting farm improvement loans and in view of the fact that the banks have generally provided loans at a lower rate of interest, has the minister recently had any consultation with the banks in respect of their continuing to provide loans at lower rates until legislation is introduced?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I have been in touch with the banks about this matter. I am hopeful, if the house will agree, that we can get an amendment to the Farm Improvement Loans Act through before we adjourn.

Mr. Korchinski: If there is no assurance that there will be such agreement, will the legislation be retroactive?

Mr. Speaker: Order. The hon. member's question is hypothetical.

Mr. Korchinski: Mr. Speaker, I have not completed my question. Will the legislation be retroactive or will the farmers have to continue paying higher rates purely because the minister is in a hurry to become prime minister?

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my supplementary question is directed to the Minister of Finance. Is it the intention of the government to propose amendments to the Farm Improvement Loans Act to remove the statutory limit on the interest rate?

Mr. Sharp: Yes, Mr. Speaker. It is the intention to remove the statutory limitation and give the governor in council the power to regulate.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, does the minister intend to bring down that legislation before the recess?

Mr. Sharp: If we could obtain agreement to pass it quickly I certainly would.

POWER

COLUMBIA RIVER—REPORTED INCREASE IN COSTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State for External Affairs. I apologize for not having given him notice but things have been in a turmoil today. In view of the fact that the government of British Columbia has now practically admitted that the Columbia River treaty projects will cost

over $200 million more than it has received from the United States, how does the minister justify his assurance to the Castlegar Chamber of Commerce in 1964 that the government of Canada would not sign an agreement that did not pay for all the projects?

Mr. Speaker: Order, please. I regret that I must tell the hon. member that his question is argumentative.

INDUSTRY

REVIEW OF DESIGNATED AREA POLICY RESPECTING ATLANTIC PROVINCES

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I should like to address this question to the Minister of Industry, notice of which I have given him. Could he advise the house in respect of the meeting regarding the area development program held this morning with representatives from the Atlantic region?

Hon. C. M. Drury (Minister of Industry): Yes, Mr. Speaker. I met this morning with the minister of economic development of the province of New Brunswick and the mayor of Saint John with regard to the possible designation of Saint John and other metropolitan areas in the maritimes under the designated area program. We had a useful discussion and I hope that we resolved what has been a misunderstanding arising out of a question and answer which appeared in *Hansard*. The minister and the mayor both recognized that this program, which has resulted in some $680 million of new investment in the Atlantic provinces and the creation of some 17,000 jobs, has been extremely useful. I pointed out to them that this program, which is in the nature of a crash program relating to unemployment, is due to expire in 1971 and that if and when in his new tenure the minister of economic development of New Brunswick should bring forward proposals for making this program more relevant to the economic development plan in the Atlantic provinces I would be glad to discuss them with him.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, would the minister be willing to attend the meeting of the Atlantic premiers which has already been called for March 21 in Fredericton to deal with this matter, put forward the thoughts he has in mind today and attempt to settle the matter once and for all?

Mr. Drury: Mr. Speaker, I understood from the minister of economic development of New Brunswick that it is unlikely he will be able to formulate specific proposals that soon.

BUSINESS OF THE HOUSE

RESUMPTION OF COMMITTEE CONSIDERATION OF BILL C-190

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct this question to the government house leader. Is the minister now in a position to indicate at what point we will resume consideration in committee of the whole of Bill No. C-190?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have had consultations with the house leaders regarding the remaining business but those consultations have not yet been completed. I hope they will be very shortly, and as soon as they are I will indicate to the house what the expectations are.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I should like to direct a question to the Solicitor General.

Could he tell us if it is true that Mr. Igor Gouzenko, a former soviet officer, is entitled to a pension just like retired members of the R.C.M.P.?

Mr. Speaker: I suggest that this question should be put on the order paper.

[*English*]

FISHERIES

SEALS—ACCESS TO HUNTING GROUNDS BY HUMANE SOCIETY REPRESENTATIVES

On the orders of the day:

Hon. Arthur Laing (Acting Minister of Fisheries): Mr. Speaker, yesterday the hon. member for New Westminster asked about visits by humane society representatives to the scene of the seal harvest. No one is prevented, of course, from visiting if they want to, and I am informed that representatives of a number of humane organizations in both Canada and Europe made visits yesterday in the vicinity of the Magdalen islands. In addition, I am informed that the fisheries department, at its own expense, has transported to the ice a representative of the humane society of Ontario, a veterinarian from the Department of Agriculture and a veterinarian

from Edinburgh who is reputedly well versed in sealing. They are conducting some experiments with new killing methods.

INDUSTRY

CAPE BRETON, N.S.—CONTINUED OPERATION OF McBEAN MINE

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, not long ago the Minister of Energy, Mines and Resources advised the house that the Cape Breton Development Corporation is taking over all Dosco mines except one, the McBean mine in my constituency, on April 1. Will he now advise the house what plans the government has to continue in production this one mine which employs about 400 men?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, a few months ago I discussed the matter with the former premier of Nova Scotia and representatives of miners. We had then concluded that we would consider the possibility of finding an independent contractor who would be in charge of that mine and would develop it at a reduced pace. I submitted this request to the Cape Breton Development Corporation. The vice president made it and reported his recommendations to the board which is supposed to make a decision and let me know it in the near future.

[*English*]

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, will the minister review the remarks made by the Prime Minister on national television last evening and indicate as soon as possible to the house when the money will be available to keep the Sydney steel operation and the McBean mine going? I think the minister has indicated that he is ready to answer the question. At least he could indicate whether he is interested in the remarks made by the Prime Minister.

Mr. Speaker: Order, please. If the only thing the hon. member wants to know is whether the minister is interested in the remarks of the Prime Minister, certainly the question is not in order to that extent. I realize that the second part of the question is in order.

Mr. MacInnis (Cape Breton South): With all due respect, sir, I would have directed my question to the proper minister or the Prime Minister if they had been in attendance in the house.

[Mr. Laing.]

SYDNEY, N.S.—REFUSAL OF FEDERAL LOAN TO PURCHASE STEEL PLANT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, since the right hon. Prime Minister has apparently been detained perhaps I might direct my question to either the Acting Prime Minister or the Minister of Finance. The question relates to the Prime Minister's letter of March 8 to the premier of Nova Scotia in which the government gives its regrettable decision to the effect that it is not going to lend to the province of Nova Scotia half the capital cost of acquiring the assets of the steel mill at Sydney. In view of the very great difficulty any provincial government would have in borrowing this large sum of money because of the present state of the financial market, is the government going to offer any alternative form of assistance such as guaranteeing the loan, thus enabling the government of Nova Scotia to borrow this very considerable sum?

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker, that would not be the government's intention.

Mr. Douglas: Mr. Speaker, I think the amount involved is something in the neighbourhood of $44 million. The province of Quebec has just had to involve eight banks in order to obtain $38 million. In view of this difficulty, what alternative policy is the government proposing to help Nova Scotia raise this very considerable sum at this very critical time in the money market?

Mr. Sharp: Mr. Speaker, the government set forth in the letter from the Prime Minister to the premier of Nova Scotia the assistance that the federal government is prepared to give.

Mr. Douglas: In this regard, nothing.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, can the Minister of Finance tell us whether the government has made up its mind that it has a claim on that money?

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to ask the Minister of Finance to consult with his colleagues in cabinet and ask them to give a little kinder treatment to the cabinet representative from Nova Scotia.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I do not wish to persist in this question but I ask it again because the letter sent

by the Prime Minister of January 23 referred to a possible claim in respect of $1,700,000. The government has yet to indicate whether it has any claim on that amount. How can it give something away which it does not know it has? The Minister of Justice has been waiting since October to answer that one.

Mr. Trudeau: You have not asked me the question.

ATLANTIC DEVELOPMENT BOARD

REQUEST FOR ASSESSMENT OF TRANSFERS BETWEEN DEFENCE BASES

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I should like to direct my question to the Minister of National Health and Welfare in his capacity as the minister responsible for the Atlantic Development Board. Will he inform the house whether an economist from the Atlantic Development Board assessed the implications of the phasing-out operation at Summerside? As he is the minister from Nova Scotia I should like to ask him whether the same consideration can be given to Nova Scotia by having an economist from the Atlantic Development Board assess the implications of the move from Greenwood to Summerside.

Mr. Speaker: Order, please. The minister may reply to the question in his official capacity but not in his capacity as the minister from Nova Scotia.

Mr. Nowlan: Will the minister in his reply to the first part of the question confirm that an Atlantic Development Board economist or staff member made an assessment of the economic implications of the phase-out of the base at Summerside, and will like consideration be extended by assessing the economic implications of the move from Greenwood?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I disagree with the expression "phase-out" as there is no phase-out in the normal sense. I will be glad to check with the Atlantic Development Board and give an answer in detail tomorrow.

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, will the minister be so kind as to advise whether he has registered his protest against the moving of the establishment from Greenwood to Summerside?

Mr. MacEachen: I have been very closely involved in discussions about this whole matter with the Minister of National Defence.

Mr. MacInnis (Cape Breton South): Is this the minister's way of emphasizing his weakness in the cabinet?

BUSINESS OF THE HOUSE

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to direct my question to the Secretary of State as I believe she is the person to whom questions having to do with several departments should be directed. I have had question No. 741 on the order paper since November 23. It relates to the number of women employed in federal undertakings. Will the minister see whether I can get an answer before parliament recesses?

Hon. Judy V. LaMarsh (Secretary of State): I cannot promise that, Mr. Speaker, as the question involves the total number of women employed in all services, including the public service of Canada, industries and other undertakings. It takes quite a long time to gather information to answer this type of question. We are trying to gather that information but, of course, each day that goes by more women are involved. Perhaps that will please the hon. lady.

Mrs. MacInnis (Vancouver-Kingsway): The question has been on the order paper since November 23.

HEALTH AND WELFARE

SASKATCHEWAN—IMPOSITION OF DETERRENT HOSPITAL FEE

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Was it at his request that the deterrent fee of $2.50 was brought forward under the Saskatchewan hospitalization program?

Mr. Speaker: Order, please. I suggest to the hon. member that this question is not in order.

Mr. Nasserden: I rise on a question of privilege, Mr. Speaker. Part of this fee would normally be paid by the federal government and there is a suspicion that the government has used this as part of—

Inquiries of the Ministry

Mr. Speaker: Order, please. Obviously the hon. member seeks to fish in troubled waters. I suggest that the question as asked is not in order.

Mr. Nasserden: Mr. Speaker, I rise on a question of privilege. It is not my fault that hon. gentlemen opposite are in troubled waters.

[*Later:*]

Mr. Nasserden: A supplementary question, Mr. Speaker. Does the $2.50 fee under the hospitalization plan in Saskatchewan represent part of the austerity program of hon. gentlemen opposite?

POST OFFICE DEPARTMENT

DISTRIBUTION OF U.S. MAGAZINE CONTAINING BIRTH CONTROL ADVERTISEMENTS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I wonder whether the Postmaster General has a reply today to my question of last week concerning the use of Canadian postal facilities by certain American magazines advertising birth control information, which is against our law?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, after carefully reviewing the circumstances surrounding these advertisements and obtaining appropriate legal advice, I have concluded that these are not proper cases in which to issue an interim prohibitory order under section 7 of the Post Office Act.

TRANSPORT

REQUEST FOR STATEMENT ON FERRY SERVICE, SAINT JOHN, N.B.-DIGBY, N.S.

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I would like to direct a question to the Minister of Transport since he has been left almost unnoticed in this question period. In view of the fact that for the last three years progressive questions have been asked and various regressive replies given with regard to the Digby-Saint John ferry, could the minister advise us on the present progress of these negotiations and whether we may expect an announcement before the end of the week or before April 4?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I have an even more positive reply to this regressive question. I hope to make an announcement soon. Progress is being made and I am just as optimistic as I was the last time the question was asked of me—even more so.

Mr. Nowlan: A supplementary question, Mr. Speaker. Would the minister be kind and considerate enough to take the hon. member for Digby-Annapolis-Kings into his confidence when he is about to make the announcement?

Mr. Hellyer: Why not?

INDIAN AFFAIRS

INQUIRY AS TO REDUCTION IN HEALTH SERVICES FUNDS

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Is he now in a position to make a more definite statement with regard to the curtailment of some of the medical services provided to the Indian people?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I hope to be making a statement before the house recesses but I do not think I can make it on orders of the day.

HUMAN RIGHTS

REPORTED DISCRIMINATION IN EMPLOYMENT CONTRACT IN NORTH

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Last week a question was asked of the Prime Minister and the Minister of Indian Affairs and Northern Development with regard to the Supreme Court decision in respect of Mr. Terence Whitfield and his difficulties. The Prime Minister promised to make a statement. Will that statement be forthcoming before the house adjourns?

Hon. Paul Martin (Secretary of State for External Affairs): I think so, Mr. Speaker. I know the Prime Minister has been interested in this matter.

GRAIN

WHEAT—INQUIRY AS TO INTRODUCTION OF TWO PRICE SYSTEM

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to direct a question to

the Minister of Trade and Commerce. Now that the Minister of Finance has almost single handedly solved the world financial crisis by the introduction of a two price system for gold—

Some hon. Members: Hear, hear.

Mr. Korchinski: —will the Minister of Trade and Commerce consult with him and see whether he cannot introduce a two price system for wheat?

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: Order. House again in committee of supply. When the committee rose last Friday, March 15, item 1c of the Department of Consumer and Corporate Affairs was under consideration.

DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

1c. Departmental administration, $399,753.

Mr. Knowles: Mr. Chairman, I wonder whether it is now possible to have a statement from the government house leader or from the Minister of Consumer and Corporate Affairs about our program. I do not wish to anticipate any negotiating that may still be going on but, as the government house leader recognizes, there is a relationship between the estimates of this department and the effect of Bill C-190. I am authorized to say on behalf of my colleagues that if we are going to go on with Bill C-190 tomorrow or the next day it will certainly make a difference in the amount of time necessary to deal with the estimates of this department. If negotiation has not yet been concluded perhaps we could take another department and come back to the estimates of this department when we know what the program is. The government house leader knows what we are prepared to do. Perhaps he could comment on the matter at this point.

Mr. MacEachen: Mr. Chairman, I appreciate and understand the interest of the hon. member. I think he has a valid interest. However, there is one more element in this situation that I have to clear up before I can make any statement. If it is agreed, pending the conclusion of negotiations I certainly would be happy to call another department. However, I have taken great advantage of my colleague the Minister of Consumer and Corporate Affairs in having him in readiness in the house for a couple of days now and I must, even though the blandishments of my hon. friend are very great, let the minister carry on with his estimates. Within a very short time I shall be able to clear up this matter.

Mr. Patterson: Mr. Chairman, I should just like to say that we would welcome the introduction of Bill C-190 because it is an important measure. We hope that some success may attend the efforts of the minister in working out the details in this regard.

So far as the estimates are concerned, we feel that the supplementary estimates have received considerable attention and it is not our intention to prolong the debate on them or on interim supply. But we hope we will be able to proceed with Bill C-190.

Mr. Bell (Carleton): Mr. Chairman, this item contains a rather substantial sum, $142,525, as Canada's share of the expenses of the Canadian committee on mutual funds and investment contracts. I have had on the order paper since March 1 question No. 1,101 asking about this matter. If the minister is prepared to give a commitment that this question will be answered tomorrow I will not pursue the matter further. If he cannot do that, perhaps he could now give us particulars in connection with this substantial sum and state the purposes, objectives and terms of reference of this committee.

Mr. Prittie: Mr. Chairman, I wish to make a very short intervention on just one subject. Last week, I believe, the hon. member for Halifax and the hon. member for New Westminster raised the question of professional sports in connection with the combines act. I realize that as the legislation stands at present services generally, and certainly professional sports, do not fall within the terms of the combines act. Therefore the minister and, indeed, the federal government have no power to act.

• (4:00 p.m.)

This matter has arisen in connection with the application by Vancouver for a franchise in the National Hockey League. Although the minister is probably aware of it, I should like to point out to him that there is a private member's bill before the house which would rectify this situation. It is Bill C-99, introduced by his colleague, the hon. member for

Vancouver-Burrard, which expressly calls for professional sports to come under the Combines Investigation Act. I will not read the explanatory notes now but they state the case very well.

I should like to ask the minister one other question in connection with the Combines Investigation Act. As he reported to the house, this act is now under study by the Economic Council of Canada which will not be reporting for some time. Has the inclusion of services under the Combines Investigation Act been referred to the Economic Council of Canada? At the present time only commodities which are used in trade and commerce are subject to the act. But it seems to me that the power to fix prices and divide up markets in a way which could be detrimental to the public interest could just as well exist in the service industries as in trade in commodities. Certainly professional sports could be considered. Parliament should be responsive to public opinion, and public opinion in many parts of Canada, particularly on the west coast, is quite strong on this subject at present. I do not know whether the minister heard my question.

Mr. Turner: Yes.

Mr. Germa: Mr. Chairman, I welcome the opportunity to say a few words on this item in the estimates of the Department of Consumer and Corporate Affairs. As hon. members know, members of this party accepted the establishment of this department with certain reservations. We pointed out at that time what we considered to be very grave weaknesses in the legislation under which the department is operating. Nothing has happened in the intervening time to change our opinion of what this department will accomplish on behalf of the Canadian people. The Canadian people welcomed with joy the appointment of a minister who would have the power to intervene directly in the marketplace on their behalf to ensure they receive fair value for their money when they see fit to expend certain moneys on services which are required for their daily needs. This is a very wide field. It concerns every dollar spent by every person in the Dominion of Canada. So the minister, if he really seeks to do his job properly, could intervene in almost every sector of the business community.

However, in spite of the formation of this department the cost of living has continued to rise. We have not noticed any change in the upward push of prices. The D.B.S. figures published on Friday indicate that at present the cost of living stands at 152.7, an increase of .1 over last month. This is a rise of 4.5 per cent from February 1, 1967. The D.B.S. figures also show us that the housing index rose by .5 per cent. The problem of housing has long plagued the people of Canada, and these figures indicate that nothing has happened to offset the continued rise in the cost of accommodation for families. Surely this is one of the most essential areas in which the minister could intervene by seeking to find out why the cost of shelter for our families continues to rise despite the efforts of other departments of the government.

The Dominion Bureau of Statistics points out to us that one of the reasons for the increase in the cost of housing in the month of February was the increase in the insurance rates on housing. According to these figures the insurance companies must have increased their premiums. So far as I know the insurance companies have not stated their case before the Canadian people, before the government or before any board of review, for increasing the rates they charge for the insurance of houses against fire, flood, hail, etc. The insurance companies made an arbitrary decision to increase their rates.

I am not sure whether the minister has the power to intervene in this area but in view of the fact that the consumer dollar is involved I believe his jurisdiction is wide enough for him to intervene on behalf of the consumer. This is a very vital area. Insurance companies have often been referred to in this house. We have pointed out that they are not suffering from a low return on their investment. It seems to me that the minister could well intervene in this area and seek an explanation from the insurance companies for the increase in their rates. I realize he does not have the power to legislate against them but surely he could make them expose their books to the people of Canada and make them give an explanation for increasing their rates on housing.

I believe that if this were done it would go a long way toward exposing a business which has long preyed upon the Canadian people. In the long run it is the little man who bears the greater part of the burden because he cannot afford any risk and he has to go to an insurance company to obtain protection for the major investment represented by his acquisition of a place to live. He has to pay these rates regardless of how high they may be. I

suggest to the minister that this is one area in which he could do something.

The legislation establishing the Department of Consumer and Corporate Affairs did not give the minister sufficient power under which he could act. The main purpose of the department, therefore, is to inform, to educate and to protect the consumer in the marketplace. Since the formation of this department I have not seen any literature or any programs on radio or television informing me as to its aim and powers. After all, I am also an amateur in the marketplace. I have been hoodwinked on numerous occasions and probably I will be hoodwinked again tomorrow or in my next venture into the jungle. The minister has not seen fit to educate me or any of the 20 million people in Canada.

I realize that the department has only been operating for four or five months and it is probably not right to condemn the minister at this early stage, but the people of Canada were quite happy when such a young and vigorous minister took over this portfolio and they had hoped they were going to see action and that the feathers would fly. However, so far I have been quite disappointed in that I have not seen anyone get plucked by the minister. He is a quite young, affable and vigorous person and he occupies a very sensitive position in the cabinet. His position is probably the most sensitive in the whole of Canada in that, if he wishes to do his job properly, he will have to intervene between the consumer and the business community. As a person occupying such a sensitive position he must be extremely careful not to become obligated to the business community because if it becomes necessary for him to react to any of their financial decisions he must be under no obligation to them and be free to act.

• (4:10 p.m.)

I am very doubtful, therefore, about the propriety of the minister accepting free transportation from a rubber company during his campaign for the leadership of the Liberal party. The time may come when he may have to intercede on behalf of the people against this company. I believe that by accepting this type of gift he is obligated to a certain degree and may be inhibited from acting in a completely unbiased manner. I urge the minister and the other ministers involved in the leadership campaign not to become entangled in obligations to various business enterprises. I am very reluctant to see ministers beholden to any of these major enterprises.

As proof positive of the fact the cost of living is continuing to rise I cite the recent report of the Batten commission which was authorized by the three prairie province governments to investigate grocery prices on the prairies. The commission revealed some startling figures concerning the degree to which two companies have gained control of the grocery business on the prairies. There is no doubt in my mind that if this condition exists on the prairies it exists in Ontario, Quebec and the rest of Canada. When the minister was asked if he would take action on the report and extend this type of investigation to the rest of Canada he was not too excited about doing so. He seemed to feel that if some other province wished to undertake an investigation he would be glad to receive the report.

This is another area of the responsibility of this department which I do not understand. Is it the responsibility of the minister to institute investigations into various prices? I suggest it is the responsibility of the department not only to receive reports from other commissions set up by other agencies but also, when it becomes aware of situations in Canada, to undertake investigations itself. If a monopoly situation is revealed, proper legal action should then be taken under another branch of this department to see that these people are properly brought into line.

I realize, of course, that the anti-combines legislation is not very effective. As was pointed out by one of my colleagues the other day, even though dozens and dozens of corporations have been convicted of price fixing, not one director of these various companies has ever been sent to jail. If these people are convicted they should not be allowed to escape the full penalty of the law, even though I am not one to advocate filling our jails with people because in most cases this serves a very limited purpose. However, I do know that people who have no financial means are suffering in our jails. The fact is that the directors and officers of major corporations can extract from the community hundreds of millions of dollars through illegal price fixing and never have to feel the full force of the law and languish in our jails. If the people of Canada saw such individuals brought to justice in a few instances they would have more faith in this department and more faith in the government.

Consumer credit is another field in which the minister would have the right to intercede. The consumer spends a large portion of

his income paying usurious interest rates. If a finance company can legally charge up to 24 per cent for money, then I think it is up to the minister to point out that these companies are doing this. I know that these companies can do so legally but it is up to him to point out that this is a fact of life and that people must beware of these usurers in our society. They have been with us for a long time and I suppose they will be with us forever. Consumer credit in Canada today, exclusive of real estate mortages, totals about $8 billion and involves approximately $960 million in interest per annum. This is a sizeable amount of money which reduces the consumer's purchasing power.

The reduction in consumer purchasing power in turn deflates our economy and causes unemployment as well as all the other unsavoury things that go along with a deflated economy. I feel that the minister has the responsibility to see that every consumer has as much purchasing power as possible because this would benefit the whole country. One recalls that in 1966 there were various demonstrations by consumers all over Canada in front of supermarkets and other places. The consumer has become organized and he has a new minister to ask for help. The consumer has seen fit to complain about quality and prices as well as the type of service he receives for his money.

The consumer knows that there are on the roads today 670,000 unsafe automobiles. I feel it is the duty of the minister to find out why companies are allowed to put unsafe automobiles on the market intentionally. The average person who buys a car is not a mechanic. He is not able to judge the quality of workmanship or safety of the automobile. He has so many dollars in his pocket and knows he needs a car. Quite innocently he often buys an automobile which may cost him his life or other people their lives. All of us must be protected from this type of merchandising.

There has been some talk about drug prices. I should like to congratulate the minister upon the action he has taken in introducing Bill No. C-190 which all of us believe would have the effect of bringing down the price of drugs by allowing competition to enter this field. If the bill could only be brought before the house before the recess I believe the people of Canada would be forever in debt to the minister for at least accomplishing that much during the short period of time he has been in office.

[Mr. Germa.]

Health services are another area of concern to the consumer. Regardless of the state of health of a person at the moment he knows he is going to have to expend money on medical services. None of us will last forever. Eventually the machinery runs down and we have to seek advice and help from the medical profession. My remarks at this point apply equally to other professional people who arbitrarily set their rates, such as engineers, lawyers and so on. However, doctors are the ones who come closest to the consumer because the consumer has to go to them directly. Engineers and these other people are about one stage removed from the consumer.

• (4:20 p.m.)

I should like to refer to an editorial broadcast over station VOCM in St. John's, Newfoundland, on January 17, 1968. Part of it reads as follows:

> Recent discussion of rates for professional services—who sets the rates—and what relationship these rates have to the services rendered, brings to mind that some doctors have made upward revisions in their rate structure recently—in some cases as much as 30 per cent. We are given to understand that the increases have been applied because of the approach of medicare.

We all know that the medical profession has raised certain objections to medicare, and I commend the government for the stand they have taken in the face of those objections. But this editorial seems to indicate that in order to try to destroy medicare across Canada the profession has increased fees by 30 per cent so as to make the cost of medicare so expensive that the government would not dare to try to supply the people with medical services. I think this is a deplorable state of affairs. I am not saying that doctors are not entitled to a decent standard of living. They go out in all sorts of weather and have a very hard job to perform. They are dealing with sick people who are not necessarily on their best behaviour. For these reasons they deserve a standard of living better than most. That I recognize, Mr. Chairman.

I also recognize the fact that the person who pays the bill is the consumer. I also recognize the fact that these doctors were educated largely from public funds. I also recognize the fact that their equipment is supplied from public funds. Medical research is also charged to the public. It was the consumer in the first instance who supplied the money to educate the doctor. The consumer provided the required facilities and conducted the necessary research so that the doctor in turn could serve you and me better

as a medical practitioner. Therefore I believe that the consumer has the right to state what the fees are to be for the services that are rendered. I claim that the taxpayer, the consumer, has a claim on the doctor's education and facilities.

This fact was recognized in Newfoundland a few years ago when the premier of that province placed certain restrictions on those members of the medical profession who took advantage of the very generous offer that was made to educate them. In turn they had to commit themselves to work for two years in outpost hospitals. I see nothing wrong with that sort of legislation. It is an admission that the government has the right to intervene on behalf of the consumer when members of this profession set their own rates. As the medical care program of the government begins to take effect the government itself will have more at stake because it will be paying 50 per cent of the cost of services. If medical fees are decided arbitrarily by a hostile medical profession it is easy to see that the profession could wreck the plan, and you and I, Mr. Chairman, and the rest of the people of Canada would be the losers.

The minister has also had his attention drawn through various questions put in the house to other price increases that have recently taken place. In one instance the consumer is not affected directly but indirectly the price he has to pay is affected. I refer to the recent increase in the price of copper. We asked the Minister of Finance to investigate the increase. I do not know the connection between the finance minister and the minister of consumer affairs, but in the long run it is the consumer who pays for price increases. If a basic commodity such as copper suffers a price increase, almost every other commodity on the market suffers similarly. It is in this respect that the minister of consumer affairs has a responsibility to the consumer to intervene.

When the subject of the recent rise in the price of copper was raised the answer given by the finance minister was that there was a world shortage of copper and therefore the price had risen. Also advantage was being taken of a strike of 50,000 copper workers in the United States to squeeze an additional 4 cents a pound, I believe it was, out of the price on the marketplace. At no time did the minister indicate that the profit position of these companies warranted a price increase. At no time did the minister say that the increased price of copper had anything to do with increased cost of production. There was no relationship between the cost of production and the cost of copper on the market; it was strictly a question of what the market would bear. Yet no action was taken by the minister against the corporations concerned.

I fail to see why the minister did not go to these companies and at least extract from them the admission that there was no legitimate reason to raise the price of copper, thus putting that admission on the record. The profit picture of these companies was good. The only reason they raised the price of copper was to take advantage of a shortage as a result of a strike in the United States and a war in Viet Nam.

I would also draw attention to the fact that gasoline has increased in price, as has fuel oil. These increases affect the consumer directly. In our northern climate fuel oil is essential. Yet the price of fuel oil has unwarrantedly risen. The increase has not been substantiated by the five or six oil companies that have a world-wide monopoly.

The increase in price was not arbitrated in the way the average worker has to arbitrate an increase in his wages. The worker has to go to a conciliation board and expose himself to the whole community. Unless he has community support he will not get an increase in wages. Through this democratic process of submitting his demands to public scrutiny he gets a wage increase. But there is no stipulation that corporations must negotiate with the community before they can increase their prices.

When the legislation to set up this department was going through we pleaded with the minister to include a provision setting up a prices review board. This suggestion was rejected as totally unworkable, unwarranted, unnecessary, regressive, plus a few other objectives. Therefore I was quite surprised the other day to hear the Prime Minister state in this chamber, as reported on page 7536 of *Hansard* for March 12:

> We must find some effective means of influencing, not controlling but influencing, the many individual decisions that give rise to increases in incomes, costs and prices. To this end the government proposes to establish a governmental agency, commission or board, whatever it may be called, to review and scrutinize major decisions affecting prices, incomes and costs throughout the economy.

• (4:30 p.m.)

Although the Prime Minister's statement was vague he intimated that the view of our

group had had some effect on the government. The Prime Minister referred to some sort of board, agency, committee or what have you which will inquire into how economic decisions are made to increase incomes and prices. Of course, when the government talks of prices and costs it carefully does not use the word "profits". I have yet to hear a member of the government speak about profits or excess profits in this connection. It is in this area, though, that the new agency ought to inquire. Profits must be included as a cost to consumers. I submit that the consumer has the right to determine how much profit he is willing to pay on any commodity. Only when the board or agency the Prime Minister envisaged is capable of operating in this field will we be in a position to control the cost of living. I say this because farther on the Prime Minister said:

> We shall also, Mr. Speaker, take carefully into account any views on this proposal expressed in parliament.

We think that this is a good move. But we think the matter should be pursued and made concrete since at present we do not know whether the government is thinking of a board, agency or commission. At any rate, the germ of the thought is there. I urge the minister concerned to let the germ grow and to bring it to fruition.

Everything I have said so far applies generally to all of Canada. Yet there is one group which, because of its geographic position in the country, suffers more from high prices than the rest. I refer to those in the far northern parts. The farther north we go the more expensive it is to live. I come from a northern Ontario town. It is not in the extreme north but it costs us more to live than it costs the people of Toronto. A short time ago when I was on the Sudbury city council we were discussing the high cost of building materials in the city. We found that a square of shingles—

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. member but his allotted time has expired.

An hon. Member: Go ahead.

Mr. Habel: No, no. That is enough.

The Assistant Deputy Chairman: Does the committee give unanimous consent for the hon. member to continue?

Mr. Habel: No, no. That is enough.

Some hon. Members: Agreed.

[Mr. Germa.]

The Assistant Deputy Chairman: The hon. member for Sudbury.

Mr. Germa: Thank you, Mr. Chairman. I will not be very long.

Mr. McLean (Charlotte): Will the hon. member permit a question? Does he say that the consumer ought to control the price of butter, eggs, milk and other farm produce?

Mr. Germa: Through an agency or a review board we could determine whether a given commodity was being sold at a fair price, whether the producer was receiving a fair return on his investment or whether the consumer was being hoodwinked. There ought to be some relation between the price of an article and its cost of production. In the open market we do not find that. The law of supply and demand is abrogated by the monopoly positions of various corporations and as a result we see goods being sold at prices which bear no relation to their costs of production.

I was talking about the problems of northern areas. The Sudbury city council learned that a square of shingles cost $1.50 more in Timmins than in North Bay. We also found that it cost 50 cents to transport a square of shingles from North Bay to Timmins. Of course, when inquiries about high prices were made we were fobbed off with the excuse, "Oh, well, it is the high cost of transportation that has been increasing the cost of your building materials." That was not so.

In Thompson, Manitoba, which is in the far north about 400 air miles dead north of Winnipeg, the average employee works at his job for about 17 days. This represents an inordinately high employee turnover and I wondered why a man would go 400 miles north into the wilderness, work for 17 days and then quit. We have half a million unemployed in Canada and yet this situation prevails in the north. On investigating, and after receiving letters from the president of the United Steel Workers, I learned that men will not stay in the far north because the cost of living is very high. I think the minister ought to intervene on behalf of these far northern people. Our men need jobs. They are willing to go into the north country because that is where our future lies. Yet they cannot make a go of it because of the increasing pressure they encounter from high living costs.

Among 500 construction workers in Thompson the average employment period is 17 days. Among the permanent employees of the mine the average rate of turnover is 85 per

cent per annum. The miners there work for the company I used to work for and they are fairly well paid. Even so, their wages do not keep pace with the high cost of living in the far north. For instance, construction workers or mine employees pay up to $200 a month to rent a trailer. I submit that for $200 a month you could rent a reasonable house in Ottawa; in fact, you could rent a very nice house. Yet in the far north it costs $200 a month to live in a trailer, which does not represent a good living standard by any stretch of the imagination. I hope the minister will look into the special areas I have mentioned and do something to relieve the pressures that people all across Canada are feeling from high living costs.

Mr. Johnston: I shall be brief, Mr. Chairman. The hon. member for Sudbury wanted to see the feathers fly and yet he wanted the minister's wings to be clipped. I assure him that our avian interest is confined to seeing prices go down. I too was interested in the hon. member's discussion of a prices review board because what the hon. member for Vancouver-Kingsway described as a toothless wonder has now become food for thought. It does not matter how the minister or the government hold out their hands to the N.D.P.; their hands will be bitten.

I should like to ask the minister a question I have asked in the house on a couple of occasions. Has his department yet made a decision to appeal the fines levied against wholesale companies engaged in the mandarin orange trade in British Columbia? These fines were announced some months ago and at the time they seemed to me to be extremely low. Working out the mathematics of the highest fine and considering the some 20 years during which prices were fixed I found that it amounted to about $500 annually. I submit that this amounts to nothing more than a yearly licence to fix prices. I am sure that if any logging truck operator in the province were asked what his annual licence cost he would come up with a figure not too far removed from $500 for an operation on a much smaller scale.

• (4:40 p.m.)

I am convinced that the companies involved would not have gone to all the fuss and bother to fix the price if it was only going to yield them $500 a year. I think that the fines and the profits involved could not have been related in any way and I would like to know what is the decision on this matter.

Mrs. Wadds: Mr. Chairman, I regret very much that I feel obliged to take even a few minutes in the debate at this stage of the life of this parliament. I was prepared to waive my opportunity on Friday if it would have expedited the business of the house but now that the debate has been ranging so broadly I would like to say a few words. Incidentally, when I say "ranging broadly" I am not referring to the hon. member for Okanagan-Revelstoke. Some of the speeches we have been listening to have ranged rather widely. I abhor obstructionist tactics in this house and it is certainly not in that spirit that I am rising because I would be very agreeable to co-operate in expediting the business of the house at this moment. In fact I feel the greatest sympathy for the contestants for the Liberal leadership to be decided in the first week of April. They should really be visiting the delegates at this moment.

It seems to me it is an example of the government's peculiar attitude to democracy that they have arranged things so that the members of the Liberal party are stuck in one place when they should really be some place else. It was not the fault of the opposition that the government did not foresee this happening and put its own house in order before the date was chosen for their very important convention. I regret, as many in my party do, the difficulties in which this puts many of the contestants, but I want to make it clear that it is entirely their own doing that this has happened.

The Minister of Consumer and Corporate Affairs is a most amiable minister and very popular both inside the house and outside. I would not want anything said at this time to be detrimental to his chances. In the first place I personally think, and I know thousands of others do also, that the Liberal party could do worse than choose him. In the second place it would be grossly unfair if anything said at this late date on the supplementary estimates were particularly harsh on him because, as ministers go, he is relatively moderate in his spending. In fact he could be considered a bit of a novice among the high-spending Liberal ministers. However, since he went against some rather important advice in the enlargement of his department to include consumer affairs, advice from a group that was set up purposely to advise the government, it seems to me only natural that some questions should be answered by him.

The minister's taking of matters into his own hands and setting up his own version of how to control consumer prices has done absolutely nothing to assist the consumer against rising costs and therefore we would like to hear from him just what he has done in this department to warrant the rising costs of the department. In the estimates for 1968-69 the cost of the Department of Corporate and Consumer Affairs is slightly over $8½ million. The cost in 1967-68 was nearly $7 million so the over-all increase is slightly over $1½ million. In the 1968-69 estimates the amount for the new consumer affairs branch is $394,400. This includes salaries totalling $220,000, travelling expenses of $20,000, and office supplies and equipment, $29,500. This in itself could be criticized in the light of the minister's statement on October 17 last, as reported on page 3211 of *Hansard:*

> I want to make it clear, as I attempted to do at the resolution stage, that we contemplate no substantial increase in government expenditure.

My values may be wrong but I consider this a substantial increase. I do not know of any other business that would not consider a quarter of a million dollars in additional salaries and travelling expenses a substantial increase. Neither do I know of any other business that would allow its planned expenditures to increase by well over 50 per cent, as has happened in the consumer affairs branch. With the additional cost so conveniently slipped into supplementary estimates this new branch, which was supposed to involve no substantial increase, is already within five months, less than half a year, costing well over half a million dollars, in fact a total of $569,300. At this rate one shudders to think what it may cost in two, three or five years. The only hope is that the present government will not be administering it.

Some hon. Members: Hear, hear.

Mrs. Wadds: Everyone knows that everyone is spending a lot of money these days. The minister reminded us on second reading of the bill establishing his department that personal expenditures on consumer goods and purchases are running at about $37 billion a year in Canada. This is most certainly a great deal of money but it covers everything having to do with human beings and their living within our society. It seems to me to be quite a problem to know how to cut down expenditures involving personal choices and personal decisions. It is going to be a very large undertaking indeed to assist people in making savings in this very broad and rather intangible expenditure of $37 billion. The approach seems to me to be a very essential one and needs a great deal more careful attention and consideration that we have been giving it so far.

The government seems to have forgotten the old adage not to throw good money after bad. It has been following the procedure of trying to solve the problem of too much spending by more spending. It is true that consumers do need direction and assistance with regard to the features offered by some merchandisers as against others and how to go about finding the qualities they are looking for. However, it seems unlikely that, by spending this large amount of money in this branch of the new department, housewives in northern Saskatchewan or Newfoundland will benefit very much in balancing their own personal budgets. Quite the contrary. It just adds to the over-all inflationary spiral which is already making it so very difficult for them.

The minister received the best of advice from the Economic Council of Canada on how to co-ordinate the many departments already dealing with the protection of consumers. At the resolution stage of the bill setting up his department, on October 13 of last year, as recorded at page 3070 of *Hansard*, the hon. member for Yukon reminded the minister in the most direct terms that it would be wise for him to follow the advice of the economic council when it said:

> The implementation of these recommendations does not require a vast expansion in government activity and in the size of the bureaucracy. Any such tendencies should be strongly resisted as being neither necessary nor wise—
>
> In view of the wide scope of consumer interests and the many departments which are engaged in activities affecting consumers, there is no possibility of concentrating all these activities in a single department, nor would it be desirable to try to do so.

The economic council was quite specific in recommending an interdepartmental committee on consumer affairs under the chairmanship of the deputy registrar general. This would have made further use of the knowledge and machinery already existing. It was one of the many steps which could have been taken to ease the growing concern in Canada about rapidly rising government spending.

• (4:50 p.m.)

The government has been warned and warned about its overspending. On page 261

of the fourth annual report of the Economic Council of Canada the growing uneasiness in Canada about the current pace of the over-all advance in government spending is mentioned. The very significant and alarming comment is added that the council shares this uneasiness. What is the use of setting up such groups as the Economic Council of Canada if its advice is not heeded? What is the use of enlarging departments if they are not to have any effect on results? Perhaps the minister would tell us whether any further increases are planned for the consumer affairs branch and, if so, what specific results he expects to receive from this further expenditure.

Mr. Turner: Mr. Chairman, since it is beginning to become obvious that we will not conclude these estimates before six o'clock and because of the rather specific speech in terms of figures by the hon. member for Grenville-Dundas, with the permission of the committee I might answer some of the questions which have arisen so far and then allow the debate to continue since the information which comes to me is such that at the moment I am convinced the debate on these estimates will not end this evening.

In analysing the increase in expenses of the department I should like to say first of all that of the amount of $683,753 only $175,000 relates to the new consumers branch. That amount involves the establishment of 26 positions, 18 of which have now been filled. The remainder of the expenses relating to the new consumers branch involves overhead expenses and travelling expenses related to the establishment of those positions.

I should like to go through this in some detail. The amount of $399,753 for departmental administration is divided as follows. We have a management study on cost benefits relating to the objectives of the department within the meaning of the more general report of the Economic Council of Canada so that the federal government would be able to ascertain what is the best way to meet those objectives. We feel that the $70,000 required for this study is a good investment on behalf of the Canadian taxpayers to ensure that proper administration is achieved in the new consumers branch.

Then there is an amount of $142,525 relating to the Canadian committee on mutual fund and investment contracts. The federal government is paying half the cost of a joint federal-provincial study which is reviewing the whole nature and operation of mutual funds in Canada. This was transferred to the Department of Consumer and Corporate Affairs from the estimates of the Privy Council. These estimates were not originally incurred by this department nor was this department responsible for them. Originally there was an annotation affixed to the blue book to this effect.

There is an amount of $10,328 involved in the obtaining of a legal opinion relating to the application of section 12(g) of the securities exchange act of the United States. This arose when the United States authorities were thinking of applying in a rather severe way the securities exchange act to those companies which had over a certain number of shareholders who were United States citizens and which had over a certain amount of assets. We were required to obtain counsel in Washington to advise us just what the legal effect of this statute was on Canadian companies having United States shareholders.

We have also retained consultants on certain specific problems and have asked for an amount of $20,000 for this purpose. There is an amount of $48,000 involved in establishing the minister's office. When the late Mr. Favreau was president of the privy council at the same time as he was registrar general he was entitled to only one office. This is the first time the office requirements appear against a separate minister, formerly the registrar general and now the Minister of Consumer and Corporate Affairs.

There is a securities task force and we are asking for additional funds in the amount of $46,500 for this. Our department is looking into the possibility of establishing and the method by which to establish a federal presence in the securities field. We retained a leading authority on securities work, Professor Peter Williamson, to look into this. He retained a staff during last summer and I hope that shortly I will be in a position to advise my colleagues about this.

There is an amount of $152,400 relating to the corporations task force. This is under the chairmanship of Professor Bob Dickerson from the University of British Columbia who, with a group of academic lawyers from across the country, reviewed some specific problems relating to the amendments we seek to the Corporations Act. These amendments have to do with the disclosure of financial information, the duties of directors, insider trading, proxy solicitation and so on. I have received

that report and have submitted it to practising lawyers in the profession who came to Ottawa after taking the oath and who received only a per diem allowance for their travelling expenses. We have also submitted this report to a group of professional chartered accountants, some of whom were nominated by the Institute of Chartered Accountants and some of whom I chose from my own personal professional experience.

That adds up to a total amount of $489,753. Less the amount transferred from salaries, the total is $399,753. As I said, only $175,000 is requested for the establishment of a consumers branch in the new department which was authorized last December by parliament.

Under vote 5c relating to the Bankruptcy Act the amount of $109,000 is for the setting up of three regional offices and an investigation squad in order to meet the responsibilities as I interpret them of combating fraudulent bankruptcies in this country, which I termed rather facetiously as being one of the growth industries of this country. I think we have now turned the tide in respect of the type of enforcement we are achieving.

We have managed to work out an agreement with some of the provinces, beginning with the province of Quebec, for the use of federal crown prosecutors in respect of offences under the Bankruptcy Act and provincial crown attorneys under the Criminal Code relating to bankruptcy matters. I believe that the centralization of this type of enforcement, aided by regional offices in Montreal, Toronto and Vancouver, teams of accountants and the bankruptcy squad now established in the Royal Canadian Mounted Police, has made the investigation and coordination of case work, presentation of evidence and prosecution itself far more effective. On an earlier occasion in answer to a question posed by the hon. member for Yukon I gave these statistics. Here again I think we have an investment which the Canadian people would wish made in order to protect the business community of this country, particularly those small creditors who are usually hurt whenever a bankruptcy occurs.

Sub vote 25 of vote 20 in the amount of $80,000 relating to the patent division is to cover the cost of the mid-cyclical review for the professional category which was granted in January, 1967 but not paid until April or May of 1968. No funds were requested from the Treasury Board at that time. This was in response to an earlier request and since the money was not withdrawn it is brought back, I understand, into these estimates.

[Mr. Turner.]

• (5:00 p.m.)

The hon. member for Wellington South made some inquiries about some of these expenses and asked whether the entire amount of $683,753 was spent on the consumer branch. I have answered that question by informing the committee that $175,000 is the amount allocated to the branch. The hon. member also asked me about staff and I have already indicated to the committee that there are 26 positions of which about 18 have been filled. The hon. member also asked whether there were two deputy ministers or one. There is one deputy minister over one department. He asked whether the department intended to centralize the entire administration of consumer affairs throughout the federal government. Let me answer now by saying no, we intend to co-ordinate the consumer program in accordance with the legislation. If, after a review of management of consumer programs of the federal government, we should find that some matters would be better handled in a central way the government can then make the administrative changes. We have set up an interdepartmental committee of deputy ministers, under the chairmanship of my deputy minister to look into the various consumer programs from this point of view.

I was also asked about the consumer advisory council. I am almost in a position to publish the terms of reference and once I am able to present my nominees to my colleagues and get approval I will make an announcement regarding the membership of that council.

I should like to make some comment in response to the original remarks of the hon. member for Halifax and the remarks today by the hon. member for Burnaby-Richmond concerning National Hockey League franchises. When in Vancouver and in answer to a question asked in the house I outlined the contents of my telegram to Mr. Campbell. Let me state once again that as the courts interpret the act I have no jurisdiction over services. The jurisdiction and authority of the director of investigation and research under the Combines Investigation Act are limited to goods. Professional sport falls under the service item. I do not want in any way to anticipate the current study undertaken by the Economic Council of Canada which, by virtue of a reference made by this government on July 22, 1966, is reviewing the Combines Investigation Act, but I should like to say that since services amount to about 35 per

cent of our gross national product it seems strange to me that goods should fall within the ambit of the act and services should not.

Let me say also that had I jursidiction and authority over services, and thereby over professional sport, I should be very interested in reviewing some of the contracts which are used by various clubs in the N.H.L., particularly those which tie up for life young boys around 14 years of age and of amateur status. I am inclined to think, without prejudging the situation, that had I the authority I would take more than a passing interest in that phase of the game.

Mr. McCleave: Would the minister permit a question at this stage? He said that if he had the authority to deal with hockey as a service he would do certain things. Is this authority one which parliament could grant?

Mr. Turner: I feel there is constitutional authority over services as there is over goods. There are limitations under which the director of investigation and research labours, aside from limitations in respect of staff. If parliament grants a department certain priorities, as we have been granted in respect of consumer affairs and combines, particularly if they arise out of reviews such as the Batten commission, about which I want to talk later, then the director of investigation and research must be given the necessary resources to do what parliament asks him to do. It is my opinion that at this moment he has not those necessary resources.

The statutory limitation is not only in respect of services; there is also a limitation in respect of civil jurisdiction. I have always felt that we have a constitutional remedy. We have relied on criminal law which involves a very heavy burden of proof. We have not tested the trade and commerce laws under the B.N.A. Act. Again without anticipating the study of the Economic Council of Canada, I feel there is something to be said for giving damages to an aggrieved party. Under the anti-trust legislation in the United States an aggrieved party, if successful, is entitled to triple damages.

I think we must also explore the possibility of allowing cease and desist orders. Because of the complicated nature of merger and combines cases, as well as restraint of trade cases, a complaint may be brought but by the time the director, with the resources he has, is able to bring evidence of a complicated transaction before the restrictive trade practices commission and obtain a report that there is a prima facie case, which in turn is brought before the courts by the attorney general, the aggrieved parties may be in bankruptcy. There is no authority under the act for the director to anticipate a decision and intervene or to call for a cease and desist order. Those are other limitations. Constitutionally I think the minister and the director of investigation and research would have authority over services if parliament were to grant it.

The Batten commission was again brought to my attention by the hon. member for Vancouver-Kingsway. I do not intend to go over the circumstances of the invitation I extended to Judge Mary Batten last week when she was down here, as I think the hon. member is aware of them. In respect of the grocery situation in western Canada I did ask the director of investigation and research to examine the allegations in that report. If he finds them to be substantiated he is required to initiate an inquiry. He has begun his work and I understand that officers are on their way to western Canada to examine the research and reports on which the allegations of the commission were founded.

I have also written the three prairie premiers asking them whether, in anticipation of any reference in respect of those aspects of the report which relate to the consumer branch of the Department of Consumer and Corporate Affairs, our officers may keep in touch with the research staff of the commission. I felt bound to proceed in this way because the commission was established by the three prairie governments. I can only take informal cognizance of it except in respect of the combines aspect.

The proper procedure would eventually be for the prairie governments to accept the recommendations of the Batten commission and refer them, as Judge Batten and her co-commissioners suggested, to the Minister of Consumer and Corporate Affairs. In anticipation of any reference I have asked the three premiers to allow my officers to examine the data so we will have the information on hand.

As the hon. member for Vancouver-Kingsway knows, a lot of these recommendations relating to the consumer goods industry were also made by the joint committee of the Senate and the House of Commons, of which she was a member. There were also comments in the committee about the cost of living. In this respect the authority of this department is related to the general economic

policy of the government. This department does not have any special weapon with which to attack the cost of living. The board of review suggested by the Prime Minister would relate to an examination of charges, prices and costs generally. The constitutional power of enforcement does not lie directly with the federal government, and this is one reason we are contacting the provincial governments at this time for their co-operation.

• (5:10 p.m.)

I do not want to comment generally on the economic policy of the government except in so far as it relates to my particular responsibilities as minister. I do not need to comment now on what my good friend the hon. member for Peace River asked about combines, because I feel I have already dealt quite thoroughly with that subject. The hon. member for Kootenay West asked what I was going to do by way of sponsoring public information for the consumer. I agree with him that one of the chief functions of this department when we get the resources from parliament—and I realize and accept the restriction on spending at this moment—will be in the role of research, public education and information. We now have in the department a consumer information section. We hope eventually to see what we can do within the federal jurisdiction to contribute to consumer counselling.

We look forward to seeing what we can do in co-operation with the media of the printed word, television and radio to help inform the Canadian consumer. As a matter of fact we have already received co-operation from many professional broadcasters, television people and those responsible for consumer columns and consumer pages in Canadian newspapers. They have already given us a great deal of help.

Mr. Herridge: Excellent.

Mr. Turner: I hope that within the next two or three weeks we will have ready a booklet of information for the consumer showing the average Canadian housewife where to write if she has a consumer complaint which needs remedying, action or information. That booklet should be published very shortly. I hope that for the moment the hon. member for Kootenay West will bear with me on this progress report.

The hon. member for Esquimalt-Saanich asked what I am going to do about misleading advertising. He will observe that the proposed amendment of the Criminal Code involves the transfer of section 306 of the Criminal Code, which relates to misleading advertising alongside section 33C of the Combines Investigation Act. The substance of this transfer is that instead of allowing the enforcement of this section relating to misleading advertising to rest in the hands of the provincial attorneys general, we intend to bring it back to the federal Department of Justice for crown prosecutions. I hope this will result in a more uniform enforcement of the statute.

There has been considerable case law or jurisprudence built up on those two sections. I hope that in the next review of the Criminal Code we may have more fundamental revisions to that particular section. I also refer members of the committee to the annual report of the Director of Investigation and Research, which sets out the important judicial decisions in respect of section 33C.

The hon. member for Timiskaming asked what our priorities were in the department, particularly as they relate to the consumer interest. First, we are undertaking a general review of the entire federal consumer program and the legislation enforcing it. I remember that when we were discussing the nature of the department last fall I was able to say to hon. members that the statute setting up the department was an enabling statute giving us initiating, co-ordinating and policy powers. The first step, surely, is to find out just where and how the consumer program is administered by the various federal departments and agencies and the interdepartmental committee which is now in operation under the chairmanship of my deputy minister. So the first thing is a review of the administration of and the legislation behind the present program. We have set up an information service which I have already described. We have set up a research bureau. We consider that misleading advertising is an immediate priority and we intend to enforce that section. The problem of labelling and packaging is receiving active consideration, particularly those recommendations that were made by the joint committee of the Senate and House of Commons.

Also, as I have said publicly, I am reviewing the constitutional position of the federal government with respect to bilingual labelling. If we admit that every consumer is entitled to know exactly what she is buying, she is also entitled to understand the language on the label. There are certain constitutional

limitations. We are bound by international trade treaties, some of which provide for language requirements. The federal government is limited in its authority, of course, in respect of interprovincial and international trade.

I could go on but I think the hon. member sees the direction in which we are moving. We are also reviewing the question of standards and grades. I want to say again that we have to decide what our priorities are going to be because with a limited complement of 26 positions we have to allocate those priorities very carefully.

The hon. member for Queens asked whether the Lieutenant Governor in Council of Prince Edward Island had made application to me, as the minister responsible for the administration of the Bankruptcy Act, to bring into force part X of that act. My answer is yes, application has been made and we are drawing up the appropriate order in council. This relates to farmers or wage earners and their creditors and derives from a particularly unfortunate situation in Prince Edward Island.

I shall do my best to obtain an immediate answer to question No. 1,101 put by the hon. member for Carleton, but I have already talked about the Canadian committee on mutual funds and investment contracts. In reply to the hon. member for Okanagan-Revelstoke, the last time the question arose in the house—I have talked to him privately since then about this matter—I said that I had asked legal counsel to advise me whether we should appeal the case. The advice we obtained was that we should not appeal the case. After reviewing the matter with my own officers and with officers of the Department of Justice I accepted that advice.

I hope, Mr. Chairman, that this has brought up to date my participation in the debate with respect to questions asked by members of the committee.

Some hon. Members: Hear, hear.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I think the minister has been more explicit today with regard to the work of the department than at any time I have heard him speak since the department was established or during the process of establishing it. I do not know how much this is due to the fact that he is preaching for a call, but I hope that the preaching for a call will continue and become much more definite in the next few days because I have seen today the first hopeful sign that there might be a little power in the department or at least in the mind of the minister the will to use that power.

The hon. member for Okanagan-Revelstoke said I had referred to this whole program as a toothless wonder. That is completely correct. It has been in the past. If I understood the minister correctly, he said he was asking the combines investigation officers to look into the situation of retailing on the prairies. Is this correct?

Mr. Turner: Yes.

Mrs. MacInnis (Vancouver-Kingsway): I think this is the first indication that there might be some hope of the department intervening with regard to the cost of living.

• (5:20 p.m.)

I am quite sure that the governments of the prairie provinces will be only too glad to have leadership and direction from the federal department. This may very well be the beginning of a co-operative attempt to throw light on the situation and then to begin to deal with it. I am very glad the minister has taken the initiative but I do hope action will be continued in this direction for a long time in the future regardless of what may be the outcome of the forthcoming nomination convention, because there is a great deal of work to be done. The minister has the authority to do what he is doing, quite apart from the good will of the provinces, on the basis of the joint Senate and House of Commons committee examination of this matter which encompassed the whole of Canada, a much wider field than was covered by the study of the prairie commission. I believe that the minister has every right to move into this field on the basis of the committee's recommendations to the house. I am very glad he is doing so in the case of the prairie provinces on what I would hope to be a co-operative basis.

Mr. Turner: Mr. Chairman, may I interject for a moment? I hope I have not misled the hon. member. What I said was that we are examining the allegations in the Batten commission report. In other words, we would be analysing the factual basis upon which these allegations were made.

Mrs. MacInnis (Vancouver-Kingsway): I hope the department will not stop at just an examination and will realize this is only the first nibble. Perhaps one cannot expect the department to develop teeth all at once. I was

afraid we might have to "gum it", as used to be said when all the teeth were gone. Perhaps this is the cutting of the baby teeth. In any event, I hope the examination will not be pigeonholed but will lead to action.

I was grateful to the hon. member for Grenville-Dundas for bringing us down to earth regarding the cost of the consumer affairs branch. It is true that these supplementary estimates call for only $175,000 but the projected requirement in next year's estimates is $394,400 which is a big sum of money. I am not as concerned as the hon. member for Grenville-Dundas about the size of that sum of money as I am to ensure that the taxpayers and consumers of this country get their money's worth. I am far less interested in curtailing that amount of money than I am in ensuring that full value is given to the consumer for that money.

This is why I wish to raise this afternoon a few definite and specific problems in connection with the supplementary estimates before us. The minister said he is ready to announce the names of the personnel who are to form the consumer advisory council so that it may begin its work. If he has time this afternoon I hope he will tell us a little more about what the consumer advisory council will be doing, because I believe the minister tried to cover up the fact that the government is not yet ready to deal with the cost of living through selective price controls.

I point out to the minister that the government's policy has been known to change on some of these matters. The Prime Minister and the Minister of Finance have held a bait in front of us in the form of a prices review board designed to deal with increasing wages and other factors contributing to inflation but not with profits. It is possible that in view of the consumer pressure across the country we may yet live to see the day when the minister will see the necessity for the establishment of a prices review board under the jurisdiction of his department. So I should like to hear from the minister what the functions of this advisory council will be, whether it will keep in touch in a real way with consumer opinion across the country, what kind of techniques it will use to find out what consumers want, and whether it will be its job to make periodic reviews or analyses in its reports to the minister.

In my view the department should deal with one specific grievance, which has come to my desk and I am sure will reach the minister, from the Ottawa consumers protest association on behalf of the Canadian consumers protest association. The Ottawa branch is one of 55 similar groups located across Canada from Halifax to Vancouver. I know the minister is familiar with it. As a matter of fact I believe that when the group of women came up from Montreal to see him he ran away and hid from them ignominiously.

[Mrs. MacInnis (Vancouver-Kingsway).]

Mr. Turner: Wait a minute, Mr. Chairman, I did not hide from them at all. They came up on short notice, as they are wont to do, and my parliamentary secretary, the hon. member for Québec-Montmorency, spent an hour and a half with them.

Mrs. MacInnis (Vancouver-Kingsway): They were not satisfied with the replacement, good as he was. However, I am glad to know that the minister was not in hiding. These people have written to me.

An hon. Member: Perhaps he was shy.

Mrs. MacInnis (Vancouver-Kingsway): I do not think he was shy but perhaps by the time they got through he did not know they were women. He may have thought they were pretty determined individuals. These people are most anxious that the minister should look closely at the recommendations of the Batten commission that tariffs on some essential foodstuffs be abolished. They are particularly concerned about the cost of tomatoes and cucumbers in the winter months. As the minister knows. there is a very limited supply of fresh food in Canada in the winter months, at which time it is possible to get an adequate supply of tomatoes and cucumbers from Mexico. It appears that the cost of production of tomatoes by Canadian greenhouse growers is almost three times as high per pound as that of Mexican growers. Recently in Ottawa Mexican tomatoes were priced at 59 cents for three pounds while Canadian tomatoes cost the consumer 39 cents a pound.

It is not to Canada's advantage to devote resources to growing tomatoes and cucumbers in the winter months. The protection of the industry through tariffs could well be an example of "hothouse" in two senses. The members of the association are most anxious that the tariffs be abolished. If it is necessary to give relief to the Canadian hothouse tomato and cucumber growers, then let it be given in some other form, such as relief in the form of subsidies, but let us not burden the housewives with the high cost of vital fresh food for their families in the wintertime. I hope

the minister will seriously consider this complaint because it affects the whole of Canada so far as vital items in our diet are concerned.

I should like to speak about another matter which has not been dealt with at all in this debate. I receive a great many complaints from parents of teenagers across Canada. They feel very bitter about the advertising of buying on credit. They feel that often these young people, who are old enough to get away from home and have a part time or even a full time job, are being victimized by misleading and enticing advertising into incurring debts through credit buying facilities before they are old enough to know what they are doing and before they are fully financially independent. I think this is a field where the consumer needs protection badly. As I suggested once before in the house, the minister would do well to look at what is being done in the United States by one of the big foundations to counteract some of the fraudulent and misleading television advertising.

• (5:30 p.m.)

I feel that this is an area of particular concern when young teenagers are involved who are not really on their own except in the sense that they have the power to obtain credit but then have to rely on their parents to take care of the resulting debt. I believe this situation underlines the need for the minister to examine the recommendations of the prairie commission that facilities connected with credit buying ought to be brought within the purview of the Combines Investigation Act.

I hope the minister will take a real look at the report of the prairie commission on groceries. I am keeping my fingers very firmly crossed in this regard. I hope that his examination does not involve taking one horrified look and then deciding the problem is too big and too difficult to tackle. I hope he realizes that it may be big and difficult now but that it will become more unwieldy and more difficult as time passes.

There is one point upon which I wish to congratulate the minister. I refer to the introduction of Bill No. C-190 which could perhaps bring down the price of prescription drugs to consumers in Canada. I have been disappointed to find that one large group in the house feels that the bill is not good and they are not going to co-operate in giving the consumer the benefit of this legislation. Frankly, this is the first piece of consumer protection I have seen emanate from the Department of Consumer and Corporate Affairs and I believe that the house would do well not to adjourn until Bill No. C-190 has been passed. I for one intend to advise every consumer I can find that Bill No. C-190 is a definite attempt to bring down the price of prescription drugs. One federal party in this country does not want that done. In my opinion these people are ignoring the interests of Canadian consumers, particularly the low income consumers who are today groaning under the heavy price of prescription drugs. I do not believe the house should adjourn until Bill No. C-190 has been considered in committee and given third reading.

I believe we should have followed the idea promulgated earlier to get these supplementary estimates out of the way today so we could go on with Bill No. C-190 tomorrow. If some of us in this corner are talking about other consumer difficulties today I want it clearly understood this simply results from the fact that one of the large parties in this house would not agree to go ahead with Bill No. C-190. I hope they will change their minds because they are going to be exceedingly unpopular with the consumers across this country if they do not do so.

In my view the consumers of this country are watching very closely what is being done by this new department. The minister has made a good start in what he has been doing lately. I want to urge him not to forget the motto which he has put so prominently in his new book. It reads:

> My plea is that we Liberals should embark on a crusade to defend the individual—whenever the rights of the weak are being sacrificed to the power of the strong.

This motto is in the minister's new book. The minister knows quite well that too often people who have written books have found that their contents have come back to haunt them. If the minister wants to avoid being haunted for the rest of his life he will remember that the rights of the weak are being sacrificed to the power of the strong across Canada today in the whole field of consumer activities, whether it be prairie retailing, prescription drugs, combines, housing or any other field. If the minister will embark on a genuine crusade and not just look into what is happening but seek one piece of legislation after another, he will find that a number of us in this corner will give him the same type of wholehearted support we have given Bill No. C-190. We will give this support to any effort he will make to

co-operate with the prairie governments or any other government that will look at the cost of living and then take measures to deal with it, even if that involves price controls for the necessities. This is the thing his department will have to keep in mind. It is a big responsibility.

Mr. Starr: Mr. Chairman, I had not intended to speak at this point but the hon. lady who has just resumed her seat resorted to some blackmail in the words she uttered. I want to make it abundantly clear that a week ago last Monday the government house leader called a house leaders' meeting which I attended along with other house leaders. However, there was no representative from the New Democratic party. They ignored that meeting, and I do not know for what reason. At that time the government house leader asked us whether there was a possibility that the supplementary estimates and interim supply for two months could be dealt with before the end of that week. We thought there was that possibility and all of those present said so. The next day, or some days later, we got word that the New Democratic party would not agree to this course. They said they were going to filibuster the supplementary estimates until the end of the week. Their next approach was that they would agree to shut off this debate tonight provided the drug bill were brought before the house for consideration.

Our position on that bill has been made abundantly clear but I shall do so again so there will be no question about it. While we agree with the bill in so far as it may provide for lower prices we feel it is our responsibility and the minister's responsibility to have some concern for the safety aspect. It is this point that we want to stress. Not only should drugs be made cheaper for the Canadian people but there should also be some safeguards against drugs being imported into this country that would be detrimental to the consumers. We are not going to be blackmailed by the N.D.P. I want to make that abundantly clear. We have our own viewpoint and we are not going to be subjected to this kind of attack.

The Chairman: The hon. member for Prince Edward-Lennox.

Mr. Turner: Would the hon. member yield the floor for about two minutes on this subject?

Mr. Alkenbrack: After I am finished.

[Mrs. MacInnis (Vancouver-Kingsway).]

Mr. Knowles: Then I am rising on a question of privilege.

Mr. Turner: I will rise on a point of order then.

Mr. Knowles: I rise on a question of privilege. I do not wish to enter into any lengthy argument with the hon. member for Ontario, but he did make a reference to the fact there was a meeting of house leaders at which no representative from this party was present. The implication is that someone was not doing his duty and that someone in this case is the member for Winnipeg North Centre who happens to be this party's house leader. A meeting was held on a certain day at a time when I was in attendance at a meeting of the committee on health and welfare, but my views and the views of this party on this question had been made known at previous meetings. It had been made known repeatedly that we feel that Bill No. C-190 should be proceeded with before we recess.

• (5:40 p.m.)

Perhaps I might be permitted to say that our main quarrel is not with the members of the official opposition on this matter. They do not need to be so concerned. Our quarrel is with the government. After all, Bill No. C-190 is a piece of government legislation. It has been given first and second readings and has started to go through committee of the whole. We think that it should be proceeded with. That is why we have taken the stand that this session should not recess until it has been passed. In fact, we feel that if it is not dealt with before we rise it will not be dealt with at all; it will die on the order paper. That is our concern. I think the hon. member for Ontario is a little off the beam in the kind of complaints he is making.

Mr. Starr: I am not off the beam at all.

Mr. Turner: Mr. Chairman—

The Chairman: Order. I shall listen to the minister in a moment. Perhaps I should point out to the committee that while there may be some connection between the subject now before the committee and Bill No. C-190, which is why I have allowed the discussion to go ahead, I think that if there is to be an overly long discussion as to what the business of the house is to be it should take place with the Speaker in the chair. However, I will hear the minister.

Mr. Turner: Mr. Chairman, I rise on a point of order that relates to the remarks

made by the hon. member for Ontario and the hon. member for Winnipeg North Centre. As the minister responsible for Bill No. C-190 I want to make my position perfectly clear. When the bill was granted second reading through the courtesy of the house I undertook to review all reasonable amendments that might be suggested by members of the opposition. Some amendments were presented to me on an informal basis by members of the official opposition. Those amendments have been reviewed by officials of the Department of National Health and Welfare, the food and drug directorate, my department, the Department of Justice and the Department of Industry. Then in an informal way, and through the hon. member for Halton who was chairman of the House of Commons committee that gave birth to some of the recommendations made in the bill, we negotiated with the hon. member for Simcoe East and the hon. member for Saskatoon.

I said in introducing the bill that I was satisfied that the bill protected the people of Canada, that the bill gave an assurance to the people of Canada that only safe, efficacious, high quality drugs would be imported or distributed. The fact that the Department of National Health and Welfare was party to the drafting of the bill was further assurance to me.

In light of the suggestions that were made by the official opposition we reviewed the bill. We have come forth with what we think are additional clarifications that in our opinion re-ensure the safety measures of the bill. I am prepared, of course, to stand by the bill in terms of its economic significance and in terms of the safety of the Canadian people, and I am prepared to have it debated at any time.

Mr. Alkenbrack: Mr. Chairman, I am glad that despite the political exigencies of the moment the house can deal with this vital question by way of debate at this time. I want to congratulate the minister, even though he is playing one of the key roles in the coming drama on April 6, for being in his seat today and attending to his duties as a minister and member of this house should. I would also like to congratulate all members who have taken part in this debate and to note that many constructive opinions have been placed before the committee, as well as before the government on whose shoulders rests the responsibility for the persistent rise in the cost of living the heavy load of which is now being borne by the people of Canada.

As reported at pages 5609 to 5611 of *Hansard* for May 27, 1966, during the first session of this parliament, Mr. Chairman, I pointed out to the government the economic plight of the vast majority of the citizens of Canada whose lives and livelihoods were and are being so adversely affected by the spiralling cost of living. I was followed by other hon. members from all parties who voiced the same warnings to the government. They too pointed out the harm that was being done to the farmers, the labourers, the professional people in the medium and lower income brackets, to the old age pensioners, the veterans and war pensioners—yes, Mr. Chairman, to the consumers of this country in general.

At that time I stated that present-day government policy and the consequent high cost of consumer goods are storming the last bastion of individual hope and the right of the individual to a decent standard of living. I also stated that it is practically impossible for the average head of a family to make his modest salary support the family from one payday to the next. My colleagues who participated in that debate two years ago—and I say colleagues because they were members from all parties—were equally concerned to point out to the government that prices had skyrocketed all along the line, in food, rent, clothing, fuel, transportation, medical services, insurance, taxes and capital cost of housing both new and used. In this rapid and cruel escalation of costs this government has been a steady partner. Its policies over the past four years glaringly illustrate this fact.

I do not wish today to enumerate once more all those facets of life and living that the policies of this government have so adversely affected. All I wish to do today, is to indicate some of the adverse conditions existing today from the point of view of the consumers of Canada, conditions which are now worse than they were two years ago. In this connection I should like to refer to some statistics I have just received from our reliable Dominion Bureau of Statistics. These figures have been produced by machine. The official who talked to my secretary on the telephone stated that he had asked the computer for the latest figures on the cost of living index.

In May, 1966, when we had that impromptu but effective debate to which I have referred, the consumer price index stood at 143.4. In February, 1968 the consumer price index stood at 152.7, an increase of 6.5 per cent. As

we all know, Mr. Chairman, 100 represents the level as at 1949.

I suggest that these are ominous figures. The consumer price index has increased by 6.5 per cent during the last 22 months. During approximately the same period unemployment across Canada has risen to about 6.4 per cent of the labour force. Thus the buying power of the people of Canada, especially of the unemployed, is being relentlessly choked. In May, 1966 people were referring to the cost of living, which then stood at the figure of 143.4, as unbearable. The government ignored our pleas and now, 22 months later, the figure is 152.7, an increase of 6.5 per cent in just 22 months. The government has done nothing about the matter. Perhaps I am being unfair. They have done something. They have formed a new department, the Department of Consumer and Corporate Affairs, and installed a most gracious, intelligent and well liked minister to head it. He is running for the leadership of his party, and I wish him well. I say to him today that if he gets the leadership the thing for him to do, and quickly, is to try to reduce the cost of living of the working people of Canada.

• (5:50 p.m.)

Some hon. Members: Hear, hear.

Mr. Alkenbrack: The minister has spoken of the services and offices which have been started but so far the minister has not brought down the cost of living one single point. In fact, the cost of living has not decreased one-tenth of a point and the statistics quoted prove my point. I say to the minister: Do not let the Prime Minister in his easygoing way convince you that all that is necessary is the installation and setting up of another board or commission. I now wish to quote the Prime Minister's words on the Canadian economy spoken in this chamber. On page 7536 of *Hansard* for March 12, 1968, the Prime Minister is reported to have said:

> These selective programs...have their effect over the longer term. But in the curent situation additional measures are required to have a more direct and immediate effect. We must find some effective means of influencing, not controling but influencing, the many individual decisions that give rise to increases in incomes, costs and prices.

Those words are ominous. They point the finger at what the government has done during the past four years. The cabinet has not made one decision to prevent many unreasonable increases of incomes, costs and prices. Evidently the Prime Minister must have learned his lesson because from his words he seems to want to rectify the actions of the past four years.

As recorded in *Hansard* at page 7537 the Prime Minister went on to say:

> To this end the government proposes to establish a governmental agency, commission or board, whatever it may be called, to review and scrutinize major decisions affecting prices, incomes and costs throughout the economy.

He spoke of what this agency would do and then said:

> The precise nature and the terms of reference of this review agency wil be determined after necessary consultations with interested parties. These include provincial governments, the leading elements in the labour movement and in industry, professional associations and others concerned. We shall also, Mr. Speaker, take carefully into acocunt any views on this proposal expressed in parliament.

The Prime Minister's words are nothing but a gesture. They are a sort of economic windowdressing, enough to get him safely past his resignation date. I say to the minister, who may win the leadership, do something now about the vicious price spiral. Do something people can give you credit for. Make our price laws and regulations effective.

The Wartime Prices and Trade Board had a difficult job to do. I remember that in 1942, when I was in the lumber business, one of my trucks loaded with lumber destined for a wartime airdrome, Camp Mohawk at Deseronto, stalled on the road 20 miles north of Napanee with two blown tires. I had to apply to the board at their Kingston office for permission to buy two tires and they sent four men in a car 45 miles from Kingston to make certain that the truck needed two new tires. You could call that another ridiculous incident in the workings of bureaucracy, but they let me have the tires. That board was doing its job and it helped to win the war. The board was set up as an emergency measure.

Now, 26 years later, I submit that Canada will never survive economically unless some regulatory authority controls price levels within a free economy. The government ought to set an example first by controlling its own spending better. In his statement the other day the Prime Minister said, as recorded on page 7537 of *Hansard*:

> We shall also, Mr. Speaker, take carefully into account any views on this proposal expressed in parliament.

I hope the minister will heed the constructive words of all those who have taken part in this debate. I say that the response of this government to the warnings that were given

in the debate of May 27, 1966, has been unacceptable. I deliberately use that word because it is one of the Prime Minister's favourites. When he used it as a private member of the chamber I sometimes agreed with him. But in this matter under discussion, and we are considering the little empire that is now ruled over by the minister, the government's action is unacceptable.

Let us examine the general estimates for 1967-68. The department spent $7,015,000 directly and $1,240,600 indirectly. In other words, the department last year cost Canada's taxpayers nearly $8.5 million. I know that includes the corporate affairs part of the department, and this amount cannot all be ascribed to new offices and the operation of the new department.

Mr. Turner: May I ask a question?

Mr. Alkenbrack: When I have finished, Mr. Chairman. For this fiscal year it is estimated that the department will spend $8,606,500 directly and $1,403,500 indirectly—well over $10 million. After having been granted nearly $20 million over two years the department is asking in these supplementary estimates for another handout of $683,753. Since its inception the department has not done anything to bring down living costs. Neither has it brought forward a single measure of legislative value to help the workingman, the farmer, the old age pensioner, the veteran, or the man on a fixed income. If this supplementary request is passed the department with its luxury empire of wall to wall carpets will have cost our taxpayers nearly $21 million. That is one reason why so many people across the country are dissatisfied with the government. That is why the consumer citizens of Canada are determined to change and rectify the situation at their next electoral opportunity.

An hon. Member: Are you kidding?

Another hon. Member: Six o'clock.

Mr. MacEachen: I rise on a point of order to speak of a matter that I mentioned last night. At eight o'clock we shall continue with the estimates of the Departments of Defence Production and Industry and then with the Department of Energy, Mines and Resources and so on. It was understood that the Minister of Consumer and Corporate Affairs would not be in the house at eight o'clock.

An hon. Member: Where will he be?

The Chairman: The questions listed for debate on tonight's adjournment motion are as follows: the hon. member for Vancouver-Kingsway (Mrs. MacInnis), Consumer Affairs—hearing aids—request for inquiry into prices; the hon. member for Halifax (Mr. McCleave), Canadian Broadcasting Corporation—alleged suppression of filmed interview with Nigerian official; the hon. member for Cape Breton North and Victoria (Mr. Muir), Labour Conditions—North Sydney, Nova Scotia—request for assistance for dock workers.

It being six o'clock I do now leave the chair.

AFTER RECESS

The committee resumed at 8 p.m.

The Chairman: Order. House again in committee of supply, Supplementary Estimates (C), 1967-68, of the Department of Defence Production. The details will be found on page 6 of the supplementary estimates. Vote 6c.

DEPARTMENT OF DEFENCE PRODUCTION

6c. Reimbursement of the Defence Production Revolving Fund established by Section 16(1) of the Defence Production Act for losses sustained in the operation of the Crown-owned magnesium foundry at Haley, Ontario, prior to its sale in December, 1967, $480,000.

Mr. McIntosh: Mr. Chairman, I first became interested in this vote 6c in the estimates of the Department of Defence Production when I noted that it mentioned the sale of public property. The reason I am particularly interested in it is because recently the Minister of National Defence, or his department, saw fit to disband the local unit in my area, the Fourteenth Canadian Hussars. I will not go into the reasons, or what I think of the action of the government in this respect, but with the disbandment of that unit it left two armouries surplus in my constituency, one in Swift Current and one in Maple Creek.

To give a little of the history of the building of these armouries I would point out that I believe the land in both cases was given to the Department of National Defence for a nominal sum, I think the sum of $1. Now that the armouries are no longer used by the unit, naturally the municipalities in which they are situated are concerned about what is going to happen to them. As a result of their concern and their contacting me, I wrote to the Minister of National Defence and asked him if he

would dispose of these armouries, and whether he had contacted the municipalities concerned to see if they could make a deal with the Department of National Defence, because these municipalities knew the circumstances surrounding the purchase of the land in the first place.

Much to my surprise on March 7, 1968, I received a letter from the minister, and I would like to put on the record part of the second paragraph of that letter, in which he wrote:

—the department is prevented by statute from effecting direct disposal of these properties. Under the provisions of the Surplus Crown Assets Act, my department is obligated to hand over all responsibility for the disposal of its surplus properties to the Crown Assets Disposal Corporation.

Further on he wrote:

—the department has no voice in the negotiations and cannot predetermine the sale price.

On receipt of that letter I examined my files and from them extracted a news release which apparently was issued by the Department of Defence Production, dated January 24, 1968. This news release, which I should like to put on the record says:

The Department of Defence Production announces the sale of Haley Industries Limited, Haley Station, Ontario, a crown-owned light alloys foundry, to Bartaco Industries Limited of Orillia, Ontario.

The Haley plant was built in 1951 for the production of high grade magnesium and aluminum castings required by Canadian defence industry and was operated for the crown under management contracts.

The foundry will continue operations in the Renfrew area as a subsidiary of Bartaco Industries Limited.

The Haley foundry was set up at a time when no other source for such castings was available in Canada. Other sources are now available and it is no longer necessary to maintain this facility as a crown-owned plant for defence purposes.

The next part of the news release is very important so far as I am concerned, where it says:

In line with the government's policy in such cases, the facility is now being turned over to commercial interests so that it may expand and diversify.

A number of companies interested in the foundry business were solicited and the only offer received was from Bartaco Industries Limited.

It seems very peculiar to me, Mr. Chairman, that the Department of Defence Production can handle the sale of public property in this manner, especially when the Department of National Defence says that it is prevented by statute from effecting direct disposal of such properties. Which department are we to believe?

[Mr. McIntosh.]

It may be coincidental that this foundry is in the Renfrew constituency which is represented by a minister of the crown, and that the two armouries I refer to are in the constituency of a backbencher. I wonder if this has any significance, because the hon. member representing the Renfrew area is also a candidate for the leadership of the Liberal party. Again I ask, is this just a coincidence?

I wish to ask the Minister of Defence Production why and how the sale of this plant in the Renfrew area was handled in this manner, and why was it when we, on this side of the chamber, requested that the department handle the sale of publicly owned property in my constituency, the minister's colleague said he was prevented by statute from doing so in this way?

I would also like to ask the assessed value of the property in Renfrew? I also wish to ask, because I have been unable to find out, for how much was this property sold? Further, I wish to ask whether this Bartaco company, mentioned in the department's news release, is an American or a Canadian firm? I have reason to believe that possibly at the time of the sale of the plant, some two or three months ago, Bartaco Industries was a Canadian firm, but that now it has been taken over by American interests. Was there no provision in the sale agreement that such a thing should not happen?

In addition, Mr. Chairman, I would like the minister to put on record the amount of the original capital expenditure for the building and the property in the first place. Referring to these supplementary estimates, what period do the figures therein cover? Actually the total of the two items in vote 6c and vote 7c amounts to $1,220,000. Was that the total loss on that plant over the time it was operated for the department, or was it the loss for one year?

I refer the minister's attention to the wording of item 6c:

Reimbursement of the defence production revolving fund established by section 16(1) of the Defence Production Act for losses sustained in the operation of the crown-owned magnesium foundry at Haley, Ontario, prior to its sale in Dcember, 1967.

• (8:10 p.m.)

Vote 7c provides for payment of the obligations of the crown-owned magnesium foundry at Haley, Ontario, outstanding as of September 30, 1967 in the amount of $740,000. There is a three month interval there. If you divide the amount of $480,000 by three it would seem that the operating loss would be

$160,000 per month. I would like to have an explanation of that. I should also like to direct the minister's attention to the remarks the Auditor General made with regard to sales of this type. At page 204 of his report, chapter 261, the Auditor General says:

> Defence Production Revolving Fund. Section 16 of the Defence Production Act, R.S., c. 62, established the Defence Production revolving fund for the purpose of acquiring, storing, maintaining and transporting stocks of materials or defence supplies—

Further down the report continues:

> Also included in the year-end balance were loans of $10 million to manufacturers to assist them in the acquisition of capital equipment. These loans, which in our opinion were made contrary to section 16(2)(c) of the Defence Production Act, are commented on in paragraph 65 of this report.

I should like to know something about that and also under what heading this plant came. I do not see the Haley plant listed in the preface of the report. The minister might advise us whether this comes under Canadian Arsenals Limited. Would he advise us whether this company has ever shown a profit since 1951 and, if so, under what heading this was accredited. I should like the minister to advise us under what type of agreement with the government this company operated, and whether a financial statement was made available to the Auditor General. Perhaps the minister would explain whether there are other firms with like government agreements operating on a similar basis to that under which this company was operating from 1951 to 1967. Then he might advise whether the entire output of this plant was purchased by government agencies or through government contracts. I should like to know what type of agreement was made in respect of any loss to be paid for by the taxpayers, and whether if there should be a profit it would be credited to the taxpayers.

Before I proceed any further I should like the minister to give us the information concerning the assessed value of the property and the total amount the taxpayers of Canada received from the sale of this property.

Mr. Drury: Mr. Chairman, I shall try to outline the history of this particular operation. The hon. member for Swift Current-Maple Creek has asked a great many precise questions. As is apparent from the news release which he read, this company was organized at the time of the Korean conflict in order to provide a source of magnesium castings for Canadian users, particularly Avro in connection with the Avro-CF-100 production. The company was founded and equipped by the crown in 1951 to meet the needs of the CF-100 engine production. Light Alloys Limited, a subsidiary of Dominion Magnesium Limited, undertook operation and management of the plant until 1962 when, due to a declining defence workload, they terminated the management agreement.

In 1962 Dominion Magnesium Limited, which had been operating on crown owned property under a management arrangement, was terminated by the government. Following the decision to continue operation of the facility, in 1962 Fleet Manufacturing Limited undertook the management and formed a new company, Haley Industries Limited, which they operated until early 1963. This agreement was terminated in 1963 at the request of the crown and further authority was obtained to continue operations under a D.D.P. administrator to the end of 1963, pending the sale or transfer to commercial interests. Because of our inability to find a satisfactory buyer when the decision to continue operation was taken Heroux Machine Parts Limited undertook management of the facility in February 1964, including a purchase option. The company did not take up the option and in early 1967 decided to withdraw from the management agreement. Bartaco Industries Limited purchased the facility and undertook control in December 1967.

This is the story of the facility for the production of magnesium castings which we were able to have constructed and subsequently kept in operation by private interests. The plant was operated under a management contract until the managers withdrew and another manager was found. Finally a D.D.P. administrator was appointed. Because of the difficulty of finding satisfactory markets we persuaded Heroux Machine Parts Limited, which had possibilities of marketing these castings in Canada and in the United States, to undertake a management contract. They declined to take up the purchase option and withdrew from the management contract. We solicited some 28 companies as prospective purchasers. I have a list of them here. They included both large and small companies, both Canadian and United States owned, and some United Kingdom owned. The only firm which we found to be interested in this was Bartaco Industries Limited. Their conditions of purchase were as outlined in the supplementary estimates namely that the crown

would discharge all the outstanding obligations against Haley Industries Limited, and for this a supplementary estimate in the amount of $740,000 is provided.

The amount of $740,000 appears in vote 7c. In addition the crown is required to write off the previous losses incurred up to that date. This appears in the amount of $480,000 under vote 6c. With regard to the question why this plant was not sold through Canadian Crown Assets Disposal Corporation I should point out that Crown Assets deals with net assets, if I may put it that way; that is, assets of the crown which have a net marketable value. This enterprise unfortunately not only did not have a net marketable value but represented a cost to the crown in getting rid of it in the interests of not incurring further losses, but still ensuring a continuing supply of magnesium castings to the Canadian industry. Employment at Haley's continued. In relation to the letter received from the Minister of National Defence I should like to say that, while I am told I should not state opinions on legal matters it is my understanding that it is the law that the departments of government are required to transfer to the Crown Assets Disposal Corporation net assets which are surplus to the requirements of departments. These net assets are disposed of by Crown Assets Disposal and the proceeds are dealt with in accordance with the terms of the law. Exceptions to this kind of disposal by Crown Assets can be made by the minister who reports for Crown Assets, and this happens to be the Minister of Defence Production. The difference between the armoury and this Haley case is that the armoury represented net assets, and consequently was added to assets. In the other case there were no net assets, but rather liabilities. It is not proper for Crown Assets Disposal to deal with liabilities of this kind.

• (8:20 p.m.)

I regret that I have not got the value of the assessment, and by "assessment" I think the hon. gentleman means the municipal evaluation of the property in Renfrew. He did mention the original cost of the facilities. I think I can obtain the value of the assets, perhaps not tonight but later on.

Mr. McIntosh: It seems to me that if the Canadian taxpayer paid all the deficits of this organization, even by going through all the steps the minister suggested have been gone through since 1951 to 1962 and in subsequent years, there should be something left which would be considered net assets. If the people had to pay this $1,220,000 it seems that when the expenses were all paid off there should be certain net assets, including the building and the property. I should like the minister to explain why these assets were not treated in the same way as the armouries. Perhaps he could indicate the net amount the Canadian people received from this Bartaco company for the sale of this plant and facilities?

Mr. Drury: The net receipts to the crown from the disposal of this operation is nil. This amounted to a loss. It is costing money to hand this over to the Bartaco industry. It is being handed over as a going concern, with commitments to deliver on firm contracts. The alternative would be to close the operation down and this would involve a variety of charges, in addition to losing our source of magnesium castings, which we hope to maintain under the new management. There would also be a substantial amount of unemployment created.

It is my understanding that if the operation had been wound up as at the beginning of March the loss from December 5 to March 1 would be $140,000. This would have been written off. Repayments of advances from the revolving fund would have amounted to $97,000. Contract penalties—penalties for the failure to carry out contracts already entered into—would have amounted to $100,000. The return sales would have amounted to $80,000. Employee severance pay would have amounted to $50,000. Preservation of the building and the equipment pending its disposal, if there was any disposable value, would have amounted to $20,000. The cost of keeping a watchman, paying taxes, and maintaining the building for a year would have amounted to $40,000. The excess of the liabilities over the assets would amount to $116,000. The total of all these would be in the order of $643,000. If you set that against the figure provided here, being $740,000, you can see the difference. It is not mentioned that in the agreement with Bartaco the crown will recover one half of the net profits of the operations during the first two years. We can only estimate this, but it is our hope that this will amount to $165,000. This leaves a net payable to the crown of $575,000 to dispose of this as against some $643,000 to wind it up by paying the charges I have mentioned.

Mr. McIntosh: I am not sure who the minister thinks he is fooling when he suggests that if we carried on with this plan it would have cost us $500,000 because we would have

to pay maintenance charges, taxes and so on. This reminds me of the government saying it has made a savings by cutting down on the estimates for next year. This is like saying that if I had $5,000 today I might spend $4,000, but I have not spent $4,000 today so I have saved $4,000. It would seem to me from what the minister has said that if this plant was turned over to anyone, with all the current liabilities paid by the Canadian people, there ought to be some sort of asset left. I should like to know what the crown got for those assets. I am not interested in how much money they might have saved because they did not carry on this operation, because that is foolish. There was something tangible to work with there, including a building and property. The people of Canada did absorb all the liabilities. This plant was turned over to a company for some amount and I should like to know whether it was less than $1,000.

Mr. MacInnis (Cape Breton South): Don't ask him, he wouldn't know.

Mr. McIntosh: We are dealing with the estimates and we should be able to get this information.

Mr. Drury: I will try again. The discharge of the outstanding liabilities came to a total net payment by the crown of $740,000. Obviously because this operation is continuing, the crown is not absorbing all the liabilities. It is not absorbing the contractural loss on sales contracts entered into and against which there has to be performance. This has been taken on by Bartaco. With the assumption of outstanding financial liabilities in terms of money owing to the bank and outstanding accounts payable the crown had to pay $740,000. If you wish a figure one might say the property and equipment was sold for $1.

Mr. McIntosh: I should like to thank the minister for divulging the sale price of this property. It would seem to me that the minister said there was concession for the Canadian people in that they will participate in the profits of the company during the first two years. He also said the operation did not make any money from the time it opened until it was sold for the sum of $1.

I still cannot understand how his department can make a sale of this type. The Minister of National Defence says it is impossible for government departments to make sales in this way. Once the liabilities were absorbed by the Canadian people, why did not the minister turn this over to Crown Assets, as the statute directs him to do? Under what authority did the minister make this sale for the sum of $1?

Mr. Drury: It was made under the authority vested in the minister responsible for the administration of the Crown Assets Disposal Corporation.

Mr. McIntosh: What authority could the Crown Assets Disposal Corporation give the minister that has not been given by parliament? I thought the statutes in this country were passed by this parliament.

I do not remember any provision in the act—and I have looked it over—that gives a minister authority to dispose of any property in any manner that he sees fit. I thought the laws were made for all the people of Canada, including ministers. If the statute says that this property should be disposed of by Crown Assets, I think the minister was wrong in disposing of it in the manner in which he did and for the price at which it was sold.

• (8:30 p.m.)

Mr. Drury: Mr. Chairman, the authority vested in the minister is provided under the law passed by the parliament of Canada. Under that law the minister responsible for Crown Assets Disposal Corporation has authority to vary the sale procedure set out in respect of Crown Assets Disposal Corporation. This is a power vested in one minister only and not in ministers of other government departments. No such authority resides in the Minister of National Defence; he has not responsibility for Crown Assets Disposal Corporation.

I tried to make the point to the hon. gentleman that what we are dealing with here is not a net asset; it is a liability. The fact that I am here seeking a supplementary appropriation is evidence of the fact that this is a liability being disposed of, and not an asset.

Mr. McIntosh: Mr. Chairman, I still do not understand the minister's explanation. I ask him: Does this vote give the minister authority to make that sale? If we pass this vote, do I correctly understand that the minister will use it as authority for making this sale, in order to get around the statutes as they are at the present time? Also, was there any guarantee to the Canadian public that this plant, sold for the sum of $1, would not be sold to foreign interests, or was there any guarantee that there would not be any change in Canadian control for any length of time?

Mr. Drury: Mr. Chairman, section 5 of the Surplus Crown Assets Act provides that the Minister of Defence Production may authorize a government department to dispose of surplus crown assets in such manner, upon such terms and subject to such conditions as he may consider desirable. This is an enactment of very long standing. In respect of a condition that this property remain in Canadian ownership, I hope I can get the hon. gentleman to appreciate that we have for a very long time been trying to dispose of the property at the most advantageous terms possible and finally succeeded in finding one buyer, one man who under rather difficult or harsh conditions was prepared to take this plant over and continue operating it.

Whether Bartaco should be forced to guarantee that the operation will remain in Canadian hands for a specified period of time seemed rather beyond our powers to insist upon as part of the bargain. We were trying to dispose of this property at the least cost to the people of Canada and still keep it as a continuing operation for the production of magnesium castings.

Mr. McIntosh: Mr. Chairman, would the minister use his authority to dispose of the two armouries I have referred to at the least cost to the Canadian public? Would he be prepared to sell these armouries for $1, which is the price for which this plant was sold?

Mr. Drury: I am not sure I would agree to that, Mr. Chairman. Crown Assets Disposal Corporation, as a trustee of public assets, has been charged with securing the best possible return on the disposal of these assets. In the exercise of this mandate, Crown Assets regards itself as trustee for all the taxpayers of Canada and is not, as a consequence, authorized to confer benefits on a particular section or community of Canada. In the discharge of this responsibility, however, they do accord a priority in disposal and allow a right of first refusal exercisable in the first instance by the government of the province in which the asset is situated, and in the second place by the municipal authorities of the area in which the asset is situated. In that order, these non-federal government bodies have the right of first refusal.

Mr. McIntosh: Mr. Chairman, in the light of that explanation I fail to see why the minister did not turn the Haley plant over to them. I cannot see the difference in the two transactions. As I said, perhaps it is coincidental that there is a minister representing the constituency of Renfrew and an opposition member representing the constituency of Swift Current-Maple Creek.

However, if the minister will not listen to reason in this regard I should like to ask him a further question in connection with the report of the Auditor General. Does this type of transaction come under the heading of "Unauthorized use of the Defence Production revolving fund" which is found on page 29 of the Auditor General's report? Does this paragraph in the report have any bearing on the sale of this property?

Mr. Drury: I do not think so. The report of the Auditor General will, I think, be examined in some detail by the public accounts committee. There, I am sure, legal advice will be sought as to the appropriateness of the observations made on the use of the revolving fund.

Mr. McIntosh: Mr. Chairman, I should like to ask the minister whether he guaranteed any government funds to the company which bought this asset for the sum of $1, in order to keep it in operation.

Mr. Drury: No, Mr. Chairman. Indeed, as I have indicated, the liabilities of the crown are ended with this operation. The future obligations become the responsibility of the purchaser Bartaco, and the crown's participation in this transaction is limited to a share of future profits.

Mr. Winch: Mr. Chairman, I should like to ask the minister whether he could briefly give us a picture of the authority and policy of the Department of Defence Production in the calling of tenders, the letting of contracts and the cancellation of contracts. I am certain that all of us from British Columbia would appreciate that information because we have noticed that in the realm of contracts the changing policy of the government has in the past few months almost totally wrecked the shipbuilding industry of British Columbia.

• (8:40 p.m.)

Only a few months ago the government very proudly announced in the House of Commons that this year they were going to call for contracts for the construction of search and rescue vessels for the coastguard system on the Pacific coast. That policy has now been changed and no contracts are to be awarded. It is bad enough that the government does not keep its word that it is going ahead, not only with research for the safety

of the people employed on the ocean of the Pacific coast and projects which are necessary for the maintenance of and employment in a major industry, but on a question of even greater importance than that, which requires a clear explanation, as to whether the government lets a contract and then cancels it. Anyone who knows of the destroyer *Chaudière* is fully aware that it is badly in need of an overhaul and that the plans were to convert it so that it could carry a helicopter. Last fall a contract was let at the lowest tender to Burrard Drydock in Vancouver. The crew was ready, and I understand the material was purchased. The ship was at Esquimalt, ready to proceed to Burrard Drydock, and then the contract was cancelled. We were told that the conversion of the *Chaudière* will not be proceeded with for at least 18 months. As I have already pointed out, this has brought the shipbuilding industry on the west coast to ruin, as over 65 per cent of the people in that industry are unemployed.

It means, without any question whatsoever, that in 18 months time the cost of the conversion will be far larger than if the contract had gone ahead. So far as the *Chaudière* is concerned, the contract was let, the material was purchased, and the ship and the crew were ready, and 18 months from now the conversion will cost a lot more than the original contract called for. Surely it is very poor policy to wreck the industry in this way and to postpone the work for 18 months or two years, when the work will cost $2 or $3 million more. We fail to understand this decision, especially when the minister will, in the very near future, call for tenders for the construction of completely new destroyers, which in all probability will be built by the shipyards on the east coast.

Why is there discrimination in the letting of contracts for new construction, for alterations, repairs and conversion, against the province of British Columbia and in favour of the provinces on the east coast? I ask for an explanation of the policy of the department in respect of this. Does the minister have to follow the instruction of other departments in calling for tenders and letting contracts? Is the cancellation of the contract for the conversion of the *Chaudière* a decision of the Minister of National Defence? Is the Minister of Defence Production only obeying the decision of the Minister of National Defence, and if so did he draw to the attention, either of the Department of Finance or of the Treasury Board, what such a decision will mean in additional costs, in unemployment, and in the wrecking of an industry on the west coast? Have these matters been discussed by the minister, and is any attention being given to them—or is the department just blindly following the instructions of other departments in calling for tenders and letting contracts?

While I am on my feet I should like to ask for an explanation with regard to the letting of contracts, and the original estimates. Let us consider for example the aircraft carrier *Bonaventure*, which had to go in for an overhaul. I presume that the contract was let by the Department of Defence Production. According to the information contained in the original estimates and published by the press, the overhaul was going to cost in the neighbourhood of $8 million. Yet, now that it is in drydock we find that it will cost $3 million more to overhaul it. I am just using this as an illustration. All one has to do is to go through the public accounts to see how time after time the amount of money which the taxpayer has to pay runs into thousands, hundreds of thousands and millions of dollars over and above the original estimate and the original contract. Can the minister give us an explanation for this continual underestimation of the costs of conversion and overhaul, particularly with regard to the aircraft carrier *Bonaventure*?

I have just one other point which has come to my attention as a result of our discussion in the public accounts committee. What attention does the Department of Defence Production give to what other departments are doing, when it has been asked to act on behalf of those departments? I have in mind one example which came to the attention of the public accounts committee only this morning. The Department of National Defence asked the Department of Defence Production to call for tenders and to let contracts for the clearing of snow at Fort Churchill. The Department of Defence Production did so; but later it was found that the Department of National Defence had undertaken the work, with the result that, according to the interpretation of the Department of Justice, the taxpayer has to cover the costs of work which was never done. It was a snow job on the taxpayers. I completely fail to understand the reason for such inefficiency. Could we have some explanation of these various matters?

Mr. Drury: Mr. Chairman, with regard to the cancellation of contracts and the substantial cost mentioned in connection with Haley

Industries, may I say that the payment of cancellation charges for contracts entered into by a crown agency has to be made by the crown. When the crown enters into a contract and, for one reason or another, may be forced to cancel it, the crown assumes responsibility for cancellation charges. So the contractor is not required to suffer a monetary loss as a consequence of the cancellation. In cases where it becomes necessary to cancel contracts, the crown assumes responsibility for the payment of cancellation charges.

In so far as the *Chaudière* is concerned, I think the hon. gentleman knows as well as I do that the priority concerning the building, repairs, overhauls and refitting of defence equipment is assigned by the Department of National Defence, and it is up to that department to decide what is to be overhauled, repaired and built anew, and when.

• (8:50 p.m.)

The services of the Department of Defence Production are used to contract for these services or these products. The selection of the products and the timing is the choice of the Department of National Defence. In the case of the alternatives in connection with the conversion of the *Chaudière* or the construction of new destroyers, this is a choice made by the Department of National Defence, and it is quite proper. In connection with the exercise of this choice, my department does furnish the Department of National Defence with figures as to the costs of these various options, costs in terms of money, and other economic consequences. When the Department of National Defence therefore is contemplating either a new contract or a cancellation, we do ensure that they are thoroughly advised as to the costs, and the cost disadvantages, of such a course of action. This I suggest was the information provided to the Department of National Defence in relation to the question of the *Chaudière*.

Now, the hon. gentleman has mentioned the poor estimates of cost made in relation to the naval overhaul work, and in particular in connection with the *Bonaventure*. This of course is a continuing difficulty, so far as I am concerned, in that it is very rare that on every occasion when the cost of an operation is mentioned, the total cost is ever produced. In connection with the refit and overhaul of the *Bonaventure*, bids were sought from shipyards covering, first, the cost, on a firm price basis, of the known work that has to be done and for which specifications could be provided. There is, second, an undisclosed, undetermined and unknown amount of additional work which will be required and which can only be discovered when the ship is in drydock and opened up, to use an expression. The hon. gentleman had some experience himself with that in his recent visit to the *Bonaventure*.

The amount of this work and its nature cannot be known until the ship is in drydock and after the contract is let. Consequently, as part of the contract, including the firm price bid for known, specified work, the shipyards are asked to quote an hourly rate for work which may arise out of the inspection of the ship, once it is in the dockyard. Estimates are made of what this might amount to in total man hours. Sometimes it turns out to be less, and sometimes more, depending on the condition of the interior of the machinery in some of the closed compartments, which is disclosed at the time of inspection.

In addition to this, the shipyards are furnished with equipment, gear and components which are purchased, not by the shipyards, but by the Department of Defence Production, and supplied on a free issue basis to the shipyards for installation in the ship. This is part of the cost of the refit, but it does not show up anywhere in the cost of the contract with the shipyard because it is a free in-free out entry. Consequently, when the total figures are finally seen, the total cost including the firm price of the known work, the amount of work made necessary as a result of the inspection of the sealed compartments and the final cost of procuring and installing the free issue, appears to be larger than the firm price bid which is the original bid by the shipyard.

I think this does account for confusion as to what the total cost is at any point. I am trying to insist that, when questions are asked in relation to only part of the cost of one of these refits, the hon. member is provided with the global cost as well as the particular answer.

Mr. Nasserden: Mr. Chairman, dealing with these items 6c and 7c concerning the sale for one dollar of the assets, or liabilities as the minister has chosen to describe them, I wonder if he could give us the inventory value at the time of the sale of the crown owned magnesium foundry located at Haley, Ontario, set out in the following classifications: real estate, machinery and automotive, raw

materials, finished products and obsolete? Could he also place on the record, if he has the information, the directors and shareholders of this Bartaco organization?

Mr. Drury: I will try to get that information. I do not have the details as to the real estate value, the value of the inventory and the depreciated value of the machinery.

Mr. Forrestall: I have just one or two questions in connection with this vote. Since the minister has given details about the difficulty in estimating ship construction program costs, I should like to ask him if he could enlighten the committee on the four new D.D.H.'s, particularly as their total cost. The minister referred, I think quite wisely, to the misunderstandings which frequently arise when discussing costs involved in this type of construction or overhaul program.

I would specifically direct the minister's attention to the tender amount announced last fall in connection with the four D.D.H.'s. I ask him specifically, is this for the hull and machinery only or does it include all the radio, electronic and other sophisticated internal gear that is related to automatic fire power systems and so on?

Mr. Drury: No, Mr. Chairman, the cost of the completed ship, including the government furnished items, will be a lot closer to $50 million than the roughly $20 million bid.

Mr. Forrestall: This is quite a difference. Now we are talking about a $200 million plus program, and the contracts have not been awarded. On the basis of past experience, could the minister simply advise us, because of the importance to those sections of Canada which rely upon the ship construction industry, whether or not these costs are sufficiently under control to prevent any possibility of costs getting out of hand and the government having to cut back or postpone the program?

Mr. Drury: I am sure, Mr. Chairman, every effort is being made to ensure that at the time of the signing of the contract we will have accurate knowledge of the final cost. Quite understandably, my colleague the Minister of National Defence, whose money after all is paying for this, does not take very kindly to my tossing around loose figures and coming back for more money. I have assured him that my department will be able to procure the ship for the contracted price plus the cost of government furnished equipment, and that we will not be back asking for more money as a consequence of the costs having got out of control.

• (9:00 p.m.)

I think the hon. gentleman knows that, during the course of a naval construction program that takes four years to complete, there do tend to be changes in the art of naval warfare. During the course of construction there are occasions when the designers or even the users of the ship will ask for changes to be made. Sometimes these changes result in a change in cost. This is rather more the case with new designs of ships than it is with older ones, though this is always a possibility.

Mr. Forrestall: I thank the minister for that assurance. The last thing that we would want to see is this program costing in excess of $400 million and have the government colleagues of the Minister of National Defence cancel it.

Before I leave this particular area of questioning, Mr. Chairman, I wonder whether the minister could tell me if the government is still adhering to its announced intention to spread at least part of this work among other yards outside the lead yard, or is the government seriously considering having all the work done in just one or two lead yards?

Mr. Drury: Mr. Chairman, we did look hard at the options. We could have had these new vessels built four in one yard, two in each of two yards or one in each of four yards. We retained consultants to do as careful a cost analysis of these options as possible. There is a very substantial saving to be achieved by having these vessels built in two pairs, or all four in one yard, provided the latter case were possible in terms of the time phasing requirements of the navy and the capacity of existing Canadian yards to handle the construction without making a very large investment in new plant.

I have reached the conclusion that the optimum, or best option, in terms of cost and time to the government was two and two. Two and two does represent a very substantial saving in dollars over the cost of one ship in one yard.

Mr. Forrestall: I thank the minister for that answer. Another matter which has interested me is this. I am not picking on this minister particularly, because this sort of thing does occur from time to time in various departments. I should like the minister to explain to the committee why the government persists

in granting an increase in salary by way of promotion of a particular category from one pay bracket to another.

I should like to refer to the minister's main estimates, in which it is noted that in the year 1966-67, there were 65 people included in the $14,000 to $16,000 salary bracket, whereas this year, 1967-68, the figure increased to 571, which is an increase of 506 people. On the other hand, in the immediate next category below that bracket, $12,000 to $14,000, for the year 1966-67 the figure dropped to three persons.

I should like to know whether the minister eliminated that particular pay bracket. This underlines what I consider to be one of the reasons that the minister's department was high on the list compiled by the Auditor General in his recently tabled year-end report. I wonder whether the minister could give me an explanation of that.

Mr. Herridge: Mr. Chairman, I must say that I have noticed a few eyebrows being raised on the government side of the house. However, I can assure them that the hon. member for York-Humber, who periodically visits this group, has not made application for admission yet.

I rise, Mr. Chairman, particularly because reference was made earlier this evening to the policy of Crown Assets Disposal Corporation in disposing of armouries. I want to ask him about the disposal of an armoury and to get his advice, and I trust his sympathy.

The armoury at Nelson has for years been the headquarters of the militia there. At the same time it has been used by the navy and air cadets in that district. The militia unit there is now being trained in Trail with the rest of the militia unit, and I understand that the armoury at Nelson has been declared surplus and is for sale. Everyone in the district realizes that very good work is being done by the cadets, and those in charge of them. They are well sponsored by the citizens of the district. On that account they are very anxious to retain the armoury for the purpose of making use of it for the navy, army and air cadets.

I was very interested to hear the minister say that the province was given the first refusal and the municipality the second, but that the corporation could not favour one group or district as against the interests of the Canadian taxpayers as a whole. As a matter of fact, Mr. Chairman these cadets are actually saving the defence department money by using the armoury, and it is on that account that the city of Nelson, backed by the citizens of Nelson, are trying to purchase the armoury from Crown Assets Disposal Corporation.

I should like the minister to explain the procedure they should take, Mr. Chairman. I would also ask him to take note of the fact that if the building is purchased for the continued use of the navy, army and air cadets in the district this would actually save expenditure by the Department of National Defence. I think that is a matter for consideration; it is not a question of this being a strictly community effort. I wish the minister would advise me as to how these people should proceed; and I should like to know whether some consideration will be given to the fact that they are performing a very necessary function in relation to the operations of the Department of National Defence.

Mr. Drury: Mr. Chairman, in reply to the question asked about the number of people in a particular salary bracket provided for in the main estimates, I think that what the hon. member has observed is a rise in the general level of salaries, which is characteristic of the public service. If one translates one year to the next by moving up a bracket, in which case there is a corresponding increase in numbers, he will realize this is how this particular situation has arisen.

So far as the armoury at Nelson is concerned, Mr. Chairman, I was not aware that the operation of the armoury by the municipality is going to result in that municipality carrying what would otherwise be a charge on the Department of National Defence. If this is so, and national defence would otherwise be required to bear the cost burden, I would certainly be glad to have a word with my colleague, the Minister of National Defence, about the matter. Until I have done that I cannot offer any precise advice to the hon. gentleman.

• (9:10 p.m.)

So far as the question of the *Chaudière* is concerned, I assure the hon. gentleman for Vancouver East that no contract was let. Since no contract had been entered into with respect to *Chaudière* the question of contract cancellation does not arise. He may have been under a misapprehension in that tenders limited to the west coast shipyards had been called. It was ascertained on the strength of bids received that Burrard Drydock was the low bidder. But prior to entering into any contract the Department of National Defence advised us that they would not be proceeding

with the conversion as planned, and work on *Chaudière* was therefore limited basically to a modified refit, which is being carried out in the Burrard Dockyards.

Mr. Winch: I wish to ask some other questions. I know that *Chaudière* had to proceed to Esquimalt before going to the drydock. Actually, I want to ask about the construction of the new destroyers. Are any to be built on the west coast, and if not, why not?

Mr. Drury: It does not look as if any are to be built on the west coast, the reason being the substantially higher offer made by the west coast yards in respect of construction cost. If the hon. gentleman will refer back to *Hansard* he will see that the offer to build submitted by the west coast yards was slightly in excess of double the amount offered by the low bidders for the shipyard part of the work.

Mr. Winch: I know that, and that is the very point I am coming to. This has been intriguing me as well as others for a long time. We had the opportunity of spending a couple of days at the Burrard Drydock and we asked their people how this difference in price could possibly arise. They said, "You tell us, because the approximate 60 cents an hour wage difference does not make up the difference that has been quoted". They assured us that no excess profit was being charged and the only conclusion they could come to was that in the west coast bid they had included a sum for what might be called imponderables, which appeared in one part of the specifications.

I am told that the department did not set everything up fully, and the Burrard Drydock people had to guess at some figures. For instance, usually the specifications say what equipment is to be used and what purposes it is to be used for; but the Burrard Drydock people did not know the exact details of all that, and so they had only an approximate idea of what the imponderables in the design would be. It may be that the eastern shipyards did not tender with these imponderables in mind. The Burrard people want to know the basis of the eastern tenders because they say it is absolutely impossible for the bid price on the same specifications to be double on the west coast. The west coast price could not by any stretch of the imagination be double the east coast price. The only possible difference that could arise would be from the 60 cents an hour approximate wage differential, and that would not double the price.

Would the minister look into this matter and make certain that the tenders from the west coast shipyards and east coast shipyards cover the same costing on the same specifications, because it may be that the east coast shipyards did not take into account imponderables in the design.

Mr. Drury: Mr. Chairman, I am in no position to know what view Burrard took of the written specifications which are a lengthy document. I am not in a position to explain to them the position taken by other bidders in respect of these specifications. I know in some instances there were qualifying clauses in bids that were received back, such as "subject to escalation". Before a contract can be let, it is of course necessary for the department to pin down these reservations and put a firm price against each reservation. The hon. gentleman referred to these as "imponderables". I think "reservations" is a better word. I assure the hon. gentleman that when these reservations are costed and there is a firm price contract, it will be let for a sum that is considerably lower than the figure put in by Burrard.

If the other, low bidders, did not cost everything completely out and now are being forced to do this, provided their price does not rise above the bid price of the man who bid on the whole job, the government will get value for its money and no injustice will have been done to Burrard.

The Assistant Deputy Chairman: Shall vote 6(c) carry?

[*Translation*]

Mr. Mongrain: Mr. Chairman, I should like to address two rather short remarks to the hon. minister. I ask Your Honour to bear with me, because those who preceded me did not limit themselves to dealing exclusively with the five items indicated in the supplementary estimates. However, my remarks will deal with the responsibilities of the hon. minister; one of them is more specifically related to item 10c.

• (9:20 p.m.)

I should like to deal with designated areas, for which he is answerable and concerning which I have already taken certain steps in addition to exchanging correspondence with him. It would seem that there is an unexplainable anomaly. For instance, in the riding I

represent—and God knows there are others— the whole area covered by the manpower center is taken into account. The act was so designed, and it was probably logical at the time. But I feel that the present situation no longer corresponds to the needs of the times.

To my mind, this policy should be revised and the designated areas should correspond to the new electoral districts.

I give as an example the case of Trois-Rivières to which have been annexed in the past rural municipalities affected by under-employment, but which are not recognized as designated areas even though they now form part of the new constituency of Saint-Maurice and that of Berthier, both recognized as designated areas.

I think the existing legislation should be reviewed so as to be more realistic and meet present day requirements. I shall stress this fact as briefly as possible and ask the minister to take note thereof. I warn him that I shall follow up my remarks.

There seems to be some inconsistency that borders on unfairness towards those municipalities affected by under-employment and which, because a neighbouring municipality is not so affected, are deprived of the advantage of being considered as designated areas. Whereas a large number of industries would settle on the outskirts of the metropolis of the Mauricie, that is the city of Trois-Rivières, if they could enjoy the same benefits, those industries now have to settle instead 18 or 20 miles away in municipalities which are almost overcrowded and which will be unable shortly to give them the municipal services they need.

I will give more details to the minister in the correspondence I will exchange with him within a few days, but I call his attention to this matter and I ask him to be kind enough to see it as something which, in my opinion, deserves special consideration, because the case I mentioned concerns my constituency, although I know that the same situation prevails also in others. That is my first point.

My second remark, Mr. Chairman, concerns more specifically the printing bureau.

I would like to point out to the minister that there is now a strong presumption that the whole legislation for the establishment of bilingualism in the federal government services is being opposed at the level of heads of services in several departments. I could mention many departments, but I forget them on purpose because to-night, we are dealing with the Department of Defence Production. I want to mention only the case which is the minister's concern.

I think that the legislation, as proposed by the government, is commendable and praiseworthy. According to that legislation, bilingualism must be a factual thing in government services having to deal with people of both languages. I realize that the government has taken some constructive steps such as, for instance, the establishment of language schools, but one can see that there is some resistance at the division head level, and I shall mention a specific case in order that what I mean may be well understood.

Last week, on March 11 and 12 to be exact, the Canadian Government Printing Bureau, in order to fill a vacancy, announced a competition for the position of deputy chief of production, commanding a maximum yearly salary of $15,931, which is quite respectable. I know that at the printing bureau, some 65 per cent of the employees are French-speaking and that 95 per cent of them are bilingual, for we in Quebec have been learning English for a good many years.

Now, the fact is—the official announcement has not been made yet, but I was informed through certain indiscretions—that somebody has already been unofficially appointed to the position. According to the information we have he has been designated for 6 or 7 months. He has been groomed for the post, he was advised to undertake certain courses in order to qualify, and this is done in many departments. It seems that the person who will be officially appointed in a few days is English-speaking only, hardly understanding French and unable in practice to speak it, whereas there were a few other perfectly bilingual applicants with as many years of experience.

Let it be well understood that I do not wish to object because he has an English name; I even wonder if he is English. I have the name here, but I shall not mention it, in order not to prejudice his interests; it looks rather German to me, but that matters little. However, to ensure that policy of the government on bilinguism is consistent and not only window-dressing, it would be necessary, when there is an opening for a bilingual candidate, that the latter should be truly so.

Now, I note that in the qualifications required for that position—once again it is a

typical case—the special requirements read as follows:

> The performance of the duties requires a knowledge of the English language but a knowledge of French will be considered an asset in the assessment of candidates.

Therefore for the performance of those duties, a knowledge of the English language is required, but a knowledge of French is an asset for the candidates!

Well, Mr. Chairman, that is watered-down bilingualism.

I noticed that, in this specific case, another candidate was perfectly bilingual, while that one was imperfectly bilingual. Their qualifications seemed to be equal—at least for three or four of the candidates—except that one had been told for six, seven, maybe eight months or a year to prepare himself, to attend certain courses in order to qualify, that the position would be open precisely because the person occupying that position was going on pension within a few weeks.

But other candidates, who are all French-speaking and perfectly bilingual, would have jumped at the opportunity to attend the same courses but they were not able to do so, because their superiors told them: You understand, at night, I lecture in English. You do not have to attend those courses and your chances are just as good. But when the time of the appointment came, the one who had attended five or six superficial courses, who had managed to gather some knowledge, was classified by the civil service as more competent than the others, even is he was not, simply because he is not adequately bilingual; I do not say perfectly bilingual, but adequately bilingual.

I should not want anyone to lose his job because he was not sufficiently bilingual, but I would like to know whether the policy of the government is something real, something to be observed, or if it is only a bluff, in cases where division heads of various departments can allow themselves to protect their friends by advising them months in advance to do this or that to qualify themselves and thus get around the government policy. It seems to me that for a position like this one, where at least 65 per cent of the employees—and I am not thinking of the customers—speak French, the director of production should be bilingual.

Mr. Chairman, I mentioned that case in a constructive way and I should like it to be well understood that I am not attempting to complain merely to try to pick a quarrel with the government. I am convinced that the government sincerely wants to draw up legislation which will recognize, in fact, the question that may have been debatable, that there are two founding peoples here, but that in various departments, amongst the division heads there are people who thwart government policy.

And so, I draw this to the attention of the minister, whom I feel is sympathetic. I mention a typical case, but there are dozens of others involving other departments where the interdepartmental protection of heads of services eliminates people who are perfectly bilingual on all sorts of pretexts and false representations, so that this government policy is not respected.

I do not ask the minister for an answer tonight, because I realize that I am drawing his attention to a case which perhaps he does not know about. I am ready to give him additional information and I must tell him that there are other similar cases in other departments.

In my opinion, this matter is much more important than is generally believed, because if government policy of implementing bilingualism in actual fact in the public service is not respected, the confidence of that part of the French-speaking population which wants to find a way of reconciling the two racial elements in order to avoid a division of the country will be undermined. It will be very difficult to establish a climate of understanding afterwards, when the government will want to introduce a constructive measure intended to consolidate the future of the Canadian confederation.

[*English*]

Mr. Nasserden: Mr. Chairman, before items 6c and 7c are carried the minister should answer the questions which have been asked. If the answers are not available tonight from the officials in the gallery, maybe we should postpone consideration of these items until tomorrow and proceed with some other business. I would like to see the questions answered before we pass these items.

• (9:30 p.m.)

[*Translation*]

Mr. Drury: Mr. Chairman, I must reply first to the hon. member for Trois-Rivières (Mr. Mongrain).

As far as the boundaries of designated areas are concerned, I think he fully realizes that such boundaries are established by the Department of Manpower and Immigration

and not by mine. The department determines the potential of labour markets and in the present case, namely in the Trois-Rivières riding, there are two labour markets: one in Trois-Rivières, and the other in Grand'Mère.

I will submit the hon. member's representations to the Minister of Manpower and Immigration (Mr. Marchand).

With regard to bilingualism within the public service and the tendency of some section heads to fight the introduction of bilingualism, I admit it is probably true in some cases.

On the other hand, I know what bilingualism means, especially when I call one of my deputy ministers and I am told that he is attending a French course.

If there is any resistance, I can assure the hon. member that I will do what I can, as well as my deputy ministers, to ensure the successful implementation of that policy.

[*English*]

Mr. Chairman, I regret that I do not have before me this evening the figures concerning the details of the valuation of this property of Haley Industries, including the depreciated value of the machinery and the value of the inventory. My officials who are present this evening do not have this information with them, either. If the hon. gentleman insists upon receiving the information in the house before passing the estimates, then the item will have to stand. If he is agreeable to the item passing then I will undertake to see that this information is provided for him not later than 2.30 tomorrow.

Mr. MacInnis (Cape Breton South): Mr. Chairman, in answering the question of the hon. member for Swift Current-Maple Creek the minister referred to his authority as the minister in charge of Crown Assets Disposal Corporation. Would the minister mind quoting that authority again.

Mr. Drury: Under Section 5(e) of the Surplus Crown Assets Act the Minister of Defence Production may authorize a government department to dispose of surplus crown assets in such manner, upon such terms and subject to such conditions as he may consider desirable.

Mr. MacInnis (Cape Breton South): The minister has quoted that authority which he enjoys, but which is not enjoyed by other members of the cabinet, including the former minister of national defence, now the Minister of Transport. Nowhere in what he has quoted does he have authority to discharge in respect of any surplus government assets. He has merely quoted his responsibility as the minister in charge of crown assets.

I should like to ask the minister to turn now to the crown assets disposal act and quote the procedure which must be followed by him as well as by any other minister of the crown, and therefore refute what he has just used as his authority to sell through other than the Crown Assets Disposal Corporation. Would the minister quote that authority.

Mr. Drury: I have just quoted from section 5(e) of the Surplus Crown Assets Act.

Mr. MacInnis (Cape Breton South): I am asking the minister to quote the procedure any minister must follow. There is a procedure laid down for the minister in charge of crown assets, as well as a procedure which is applicable to every minister of the government. What is laid down applies to every minister of the government despite the fact that he may be in charge of crown assets. There is a procedure, and by violating this procedure I believe the minister is doing a snow job on the opposition.

No one questions the authority of the minister in charge of crown assets disposal, but there is a general procedure which must be followed and this is the procedure the minister is trying to violate, just as the Minister of Finance has violated the Bank Act and just as other ministers violate the procedure which is laid down. I ask the minister to show us where it is stated in the crown assets disposal act that he has authority to do this by following any different procedure than any other minister of the crown would have to follow.

Mr. Drury: I have read this once and I will read it again, slowly. Under section 5(e) of the act the Minister of Defence Production may authorize a government department, which includes the Department of Defence Production, to dispose of surplus crown assets in such manner, upon such terms and subject to such conditions as he may consider desirable. I suggest that that is statutory authority to authorize a department to enter into disposal arrangements which the Minister of Defence Production considers desirable.

Mr. MacInnis (Cape Breton South): I will also state my question as plainly and as slowly as possible for the minister's benefit. The special letter to which he has referred states that any department of government

that has any surplus to dispose of must turn that over the Crown Assets, and that it must be disposed of through the Crown Assets Disposal Corporation and not by the Department of Defence Production. I would ask the minister to quote the authority of the former minister of national defence, the present Minister of Transport, who is here now, because it was clearly outlined that when any government department wishes to dispose of any surplus government assets the procedure is that they must be turned over to the Crown Assets Disposal Corporation. These must go through the Crown Assets. The minister cannot say that he has a special authority to sell through his department. He must accept the procedure that is laid down in the act. The minister is trying to do a snow job on this by violating the whole principle of the act.

Mr. McIntosh: Mr. Chairman, the legal entanglement in which we have become involved would appear to be a debate concerning whether Crown Assets or the Minister of National Defence was right in saying that no department is allowed to dispose of anything, and that this takes precedence over the statement which the minister has read from this yellow paper, which he has before him.

• (9:40 p.m.)

I am not denying that this is in the statutes. One statement says that no minister can do this yet the authority the minister quoted suggests that one minister can do this. Which is correct, so far as we are concerned? Before we pass these estimates I should like the minister to indicate whether the transaction carried out by the Haley company was audited by the Auditor General of Canada, or by a private auditor and, if so, whether that audit was sent to the Auditor General of Canada.

Mr. Drury: In so far as what the hon. gentleman refers to as a legal tangle is concerned, I do not want to try to give a legal interpretation. In fact I am told it is quite improper for a minister to do so. I suggest that what I read to the house is a section from the Surplus Crown Assets Act, which authorized the Minister of Defence Production to, in turn, authorize a government department to dispose of surplus assets other than through the Crown Assets Disposal Corporation. This is not the general procedure, but rather an exceptional procedure. The reason what appears to be an exceptional procedure was used in this case is, as I explained earlier, that we were not disposing of assets from which the taxpayer could expect to recover some proceeds, but rather we were disposing of a liability.

Mr. McIntosh: I do not agree for one moment that the minister did not dispose of an asset of the Canadian people. I should like to have had the opportunity to buy that factory for $1. I am sure I could have at least doubled my money, if not made more. If this was not an asset, I do not know what it was. It would have been far better for the minister to have closed the factory and given it to the town, because it might have been of some benefit to the town. Let me say in respect of the minister's remarks about the legal entanglement, that he should have instructed the Minister of National Defence that there was an exception to the rule, and that the only way this armoury should be disposed of was through Crown Assets Disposal Corporation.

Perhaps I could go to the Minister of National Defence and make a deal with him, whereby he could dispose of this property for $1. I am sure the people of my constituency would have been very pleased to get the armoury for $1. I wonder what avenues are available to us, as members on this side of the house, to approach ministers with such deals. Perhaps it is coincidental that in this case, in respect of which the minister sold the property for $1, the property was located in a constituency represented by a minister of the crown, who is a contender for the Liberal leadership. Is there any connection in that regard?

Mr. Drury: I regret that the hon. gentleman should suggest that there is any possible connection.

Mr. McIntosh: I regret that I had to do so.

Mr. Drury: The hon. gentleman quite clearly has not grasped what this is all about. A serious attempt was made by the department over a great number of years to run this at no cost to the crown, including efforts on the part of the administration when his party was in power. During the course of that time there was a change made in the management. These efforts were unsuccessful, and by 1967 we were still unable to find anybody who was prepared to run this business, except for an exorbitant fee. An endeavour was made to sell it as a going business, and consequently avoid the inevitable cancellation and closing up costs. Perhaps if the hon. gentleman had more experience in closing out businesses he would realize that you cannot shut down a

business from one day to the next, at no cost. That cannot be done. Anybody who is honest in business will see that his clients and his employees do not suffer financially, if he can avoid it, when he goes out of business, unless he chooses to go into bankruptcy. Surely the hon. gentleman does not suggest that the crown should pretend or allege bankruptcy to avoid its obligations. We have tried to honour our obligations.

An endeavour was made to interest a number of companies in this operation, including the Canadian Bronze Company; the Heroux Machine Parts Company; United Aircraft of Canada; North American Trust; Canadian Management Company; Bendix Corporation, U.S.A.; Aluminum Company, Canada; Litton Systems, Toronto; Central Dynamics Limited, Montreal; Russel Industries; Motor Specialty Manufacturing, Vancouver; Levy Industries, Toronto, and I could go on and on with the list. When the hon. gentleman rather glibly suggests it could have been taken over by him for $1 and he could have doubled his money I should like to say to him that if he had assumed the contracts that Bartaco assumed I would have been glad to pay him $100. Bartaco has assumed a lot of continuing contractual undertakings which represent crown liabilities. In order to get the company to do this, we had to agree to absorb incurred losses carried forward from the balance sheets of previous years, plus the discharge of a number of outstanding financial obligations against the company. We were unable to get a continuing operator on any other condition.

One could have closed this down and rendered the facility saleable for scrap. In that particular area real estate is not very high. The building is obviously some 15 or 16 years old and unfortunately the machinery is equally as old. Something might have been received from the sale of this facility for scrap. The 165 or more employees would have been thrown out of work and the crown would have had to assume the responsibility for paying not only their separation pay but also an amount in respect of cancellation charges on contracts for process at the mill.

Mr. McIntosh: Mr. Chairman, the minister does not have to lecture me about how to run a business. I run a successful business, which is more than he has ever done, and I can prove that by asking the Minister of National Revenue whether I run a successful business. Let me say again to the minister that if I had the opportunity to buy that particular plant and property for $1 I could at least double

[Mr. Drury.]

my money. I could run any business if the minister on behalf of the Canadian people would agree to pay any liabilities I incurred. That is what he is telling me, and it is foolish. I don't think the minister had the authority to commit the Canadian people to any liabilities incurred by a private company, and I think this matter should be sent to a committee for investigation. There is more to it than what has come out tonight.

Mr. Walker: How about Dosco steel in Cape Breton?

Mr. MacInnis (Cape Breton South): Mr. Chairman, I rise on a question of privilege. The former whip of the Liberal party has just made a disparaging remark about the steelworkers in Cape Breton. They are not associated in any way with this particular debate, and I intend to make this very clear. This is the general attitude displayed by the former whip and other members of his party, although he is around here so seldom one would hardly know that. Let me add that this is the government's current approach in respect of the Sydney situation, in spite of what the Minister of National Health and Welfare has said in Cape Breton about how desperately this government is searching for a way to help.

• (9:50 p.m.)

This is the situation, despite the fact that the Prime Minister last night on national television said that when it comes to spending money to keep people employed, he is only too happy to do it. In spite of that, this callous government denies to the people of Nova Scotia the opportunity to obtain work. Yet the Minister of National Health and Welfare last summer in Cape Breton promised an audience of 20,000 people that this problem would be solved. Despite all this we have the hon. member rising and making the degrading remark that he did.

Mr. Walker: Mr. Chairman, the remark I made was addressed to the hon. member for Swift Current-Maple Creek. The hon. member for Cape Breton South has referred to the remark I made. That remark was addressed to the hon. member for Swift Current-Maple Creek. I was just trying to keep the hon. member for Swift Current-Maple Creek logical in the argument he was putting forward.

Mr. McIntosh: Mr. Chairman, I think I have been quite logical. With regard to the people who would have been laid off if this plant had been closed, I can understand it is

very difficult for the hon. member for Cape Breton South to accept the answer that was given. The two hon. members from Cape Breton have day after day in this house gone after the cabinet about the lay-offs in the coal mines, the steel plant, and so on. The same consideration is not given to their requests that is given to others. This brings me back to the point I made earlier, that it depends, as far as I am concerned, upon who asks for consideration to be given in these matters. In one case it was a minister of the crown who asked for consideration to be given, and it was given. The two members from Cape Breton have not received the same consideration. I ask why.

I refer back to the item in the estimates. I asked the Minister of National Defence for consideration in this question because I believed his department would understand much better than Crown Assets the original deal in regard to these armouries. But the minister told me that according to law he could not do it. He did not tell me there was any exception; he said he had to go to Crown Assets. Tonight we are told there is one exception. Apparently the Minister of Defence Production can take it upon himself to conduct a private sale between friends, or enemies, depending upon how you regard the directors and shareholders involved. We do not know who they are. This is what we are trying to find out. We want to know who the people are who bought this property for the sum of $1. We want to know why it was sold. We want to know why this company is apparently now in American hands. Ministers of this government have said that there is too much American capital in our country, yet tonight we hear that they have sold a plant, property and building to American or foreign interests.

We want to know why the plant was sold in this manner. Was no protection whatsoever given to the Canadian taxpayer in regard to this sale, except to assume all the liabilities involved therein, to get rid of the stockpile of inventory, the machinery, the property and the building for the sum of $1? It seems to me to be a pretty good deal for someone, but not for the Canadian taxpayer.

The Assistant Deputy Chairman: Shall vote 6c carry?

Mr. MacInnis (Cape Breton South): Mr. Chairman, before this vote carries I want clarification as to who is right and who is wrong. The minister tonight keeps insisting upon quoting from the surplus Crown Assets Disposal Act, the authority which allows him to sell a property or dispose of a property as Minister of Defence Production. There has been no reference whatsoever to the procedure the minister must follow in regard to such a sale. There are in the house this evening five ministers out of 26. Fortunately one of the ministers present is the Minister of Transport, the former minister of national defence.

It boils down to this: Either the Minister of Defence Production must get up and tell the Minister of Transport that he was wrong, or the Minister of Transport must get up and tell the Minister of Defence Production that he is wrong, because in written form they have each taken opposite sides on this question, one saying that he can do this and the other saying that he cannot. Who is telling the truth? This is a question which comes up quite often in respect of this cabinet, that is, who is telling the truth?

The Minister of Defence Production quotes as his authority the Surplus Crown Assets Disposal Act. I say there is something wrong with that authority. I do not understand it. I understand the procedure, which applies to the Minister of Defence Production and any other minister in the cabinet, the same as it does to the Prime Minister and everybody concerned. The procedure is that property must be turned over to Crown Assets for disposal.

This is in the written authority of the Minister of Transport, the former minister of national defence. I have invited the minister to send for the authority, and quote it to me, that says he has a right to do it in any other way. I ask the minister to show me where in the act he is given a privilege not enjoyed by other ministers. This is the statement he made. He said he has an authority not enjoyed by the rest of the cabinet. This is interesting. There are four or five ministers in the chamber. Let us hear the Minister of Transport get up and say that the Minister of Defence Production does enjoy this special authority. I am asking a very simple question, Mr. Chairman. I am asking four or five ministers present, apart from the Minister of Defence Production to get up and support his argument. If they fail to do this, there is only one obvious answer, namely that the Minister of Defence Production is absolutely wrong, has violated the procedures, and this is an illegal sale. It is similar to the action taken by

the Minister of Finance, who has been banking illegally despite the fact that the Bank Act is under his jurisdiction. I ask these ministers to get up and deny it.

The Assistant Deputy Chairman: Shall vote 6c carry?

Mr. Nasserden: Mr. Chairman, what we have seen tonight in the last half hour is a good example how the government wastes time. Thirty minutes ago I suggested to the minister that if he did not have the answers from the officials of the department in the gallery, we should go on to deal with the estimates of another department. The minister made back-handed comments, if you want to call them that, which certainly did not satisfactorily answer the questions asked from this side of the house.

We have consumed 30 minutes of time. When the house resumes tomorrow the minister can come here prepared to answer the questions. The reason we want answers to our questions is that the minister said he disposed of an asset of this country for $1, which he said was a liability; yet he was prepared to put $1,120,000 into this plant before he disposed of it. These actions require explanations in the House of Commons. When a minister knows he is coming into the House of Commons with five items of supplementary estimates, surely he can come prepared to answer the questions he can expect from members of parliament whose duty it is to scrutinize the estimates brought before the house. I deplore the fact that this amount of time has been consumed tonight, but it has not been our fault; it has been caused by the minister's lack of preparation in coming before the house with his estimates.

The Assistant Deputy Chairman: Shall vote 6c carry?

Mr. MacInnis (Cape Breton South): No.

Mr. Starr: Ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I wish to ask the government house leader which supplementary estimates we will be considering tomorrow and Thursday.

Mr. MacEachen: We will continue with the estimates under consideration by the committee, namely, those of the Department of Defence Production, followed by the estimates of the Department of Energy, Mines and Resources and the departments as listed in supplementary estimates (C) in the order in which they are listed.

Mr. Knowles: Wouldn't we make more progress if we were on Bill C-190?

Some hon. Members: No.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

CONSUMER AFFAIRS—HEARING AIDS—REQUEST FOR INQUIRY INTO PRICES

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, among the various complaints which come from consumers none are more distressing or more far reaching than the complaints from people who need hearing aids. All of us receive numerous requests that an investigation be made into the business of hearing aids to see whether some protection can be afforded to the elderly people who have to use them. An investigation in my province has shown that one in every four elderly people has to have a hearing aid.

Among the letters that I have received, I have one from an elderly man in Ontario who cannot afford a hearing aid, and another one from a man in Montreal who is in his 69th year and has had to buy four hearing aids in the last ten years. His most recent difficulty arose with a hearing aid which he purchased not so long ago for $325. It was in good working order but it was very heavy. So he traded it in and received only $25, but was charged $340 for a new hearing aid. Evidently his $340 did not go very far. What he bought was a spectacle type hearing aid for which, he told me, the suppliers used the frame and the lenses he had, and just changed the two stems from the frame to his ears. They used the ear mould from his old hearing aid. For that service he had to pay $340. That is just one example of many.

There was such an outcry about hearing aids recently in British Columbia that the minister of industry in that province directed his department to make an investigation into the matter. As a result it was found that the retail mark-ups on hearing aids sold in Vancouver and Victoria were as high as 306 per

cent and that there is high pressure advertising in the industry. However, nothing much was done as a result of this inquiry. A member of the legislature, in speaking prior to the investigation, said that hearing aids which cost $35 in Japan are being sold in Vancouver for upwards of $400, and others which cost only $77 to manufacture are being sold for $700, and that high pressure sales tactics are being used.

I myself know an elderly couple living on Vancouver island both of whom have to use hearing aids. They are old age pensioners for whom buying these little batteries constantly is a real hardship. The hearings aids need constant repairs. I have known countless such elderly people for whom it is a constant drain to buy and repair these hearing aids.

A hearing aid for these people is a great necessity. If they have to go without it they are condemned to solitary confinement, just as if they were under a prison sentence, because unless they can use a hearing aid they are cut off from the world. Many of them do not have the means to purchase it. A correspondent of mine from Sault Ste. Marie assures me he is one of those people who has to forgo a hearing aid because his pension does not allow him to buy one.

I should like very much to hear from the department as to what is being done. I know they will probably inform me they are looking into the matter. I note that, according to one of the minister's speeches, the department is looking into it. First of all, I do not believe looking in is enough. I should like to know when the looking in is going to be finished, the scope and length of the investigation, and so on. Above all, I should like to know the kind of remedial action that is likely to be applied. Is the Combines Investigation Act going to be used to ascertain whether or not there is a combine in this industry? After all, when you have a mark-up of 306 per cent over the wholesale price, there must be some kind of control there which comes close to monopoly control. I do not want to be told that the department is looking into it and everything is under control. I want to be told something more definite which can be passed on to the elderly people of this country.

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): In the absence of the Minister of Consumer and Corporate Affairs and his parliamentary assistant, I was handed the answer to be given to the hon. member for Vancouver-Kingsway (Mrs. MacInnis). The answer is: Yes, I have noted the allegations. The director of investigation and research under the Combines Investigation Act informs me that there is no evidence to suggest there has been an offence under that legislation, although undoubtedly prices are high. The government of Canada has no jurisdiction to control prices in the absence of an emergency, but the consumer affairs branch is looking into the hearing aid business to see if there is any other way in which my department can assist consumers. I cannot satisfy the hon. member's curiosity as to the actual stage of the study now.

CANADIAN BROADCASTING CORPORATION—ALLEGED SUPPRESSION OF FILMED INTERVIEW WITH NIGERIAN OFFICIAL

Mr. J. M. Forrestall (Halifax): This evening, if I may, I should like to take some time to explain a series of events which appear to me to have occurred in connection with the publication through the Canadian Broadcasting Corporation of what I consider to be legitimate news. Earlier last week and the two weeks immediately preceding, there were four representatives in Canada of what is called the breakaway region of Nigeria or, in other terms, Biafra. At the outset, let me make it clear that in my personal opinion there is insufficient evidence upon which to base any lasting conclusions as to who is right or who is wrong in this conflict.

However, I do wish to draw to the attention of the minister or the parliamentary secretary the following points. First, when Dr. Mbadiwe was in this country he was invited to participate in a filmed interview. According to my information, this interview was done by the C.B.C. Then the C.B.C., I think quite properly, invited the point of view of the officials from Nigeria who are in our country. My understanding is that these gentlemen did not wish to give this interview, for what reasons I am not sure.

• (10:10 p.m.)

What followed, to the best of my knowledge, is that a direction was given to the Canadian Broadcasting Corporation news and public affairs department to cancel the filmed interview with Dr. Mbadiwe. I just want to review one or two other points. What is it that Dr. Mbadiwe wanted to say? What message did he want to leave? I suggest that what he wanted to say constitutes hard core, legitimate news, the type of news that could not conceivably editorially be simply swept

aside. Having spent a little time in the news world I think I understand what is news and what is not. Dr. Mbadiwe wanted to tell Canadians that there is indeed a war going on in Biafra, a very serious war, and that a lot of people have been killed. There have also been massacres. The war has been termed, rightly or wrong, a war of genocide.

Dr. Mbadiwe wanted to bring these matters to the attention of the world because news from Nigeria during the last several months has been totally suppressed. He wanted to tell Canadians that the United Nations was being pressed to take action in this matter. He wanted to tell Canadians and the world, through our press media, that the human rights commission of the United Nations had been approached about this problem and urged to intercede to bring the killings to a halt. He wanted to urge upon the world, through Canada and our press media, which we had always thought was free and responsible, the need to supply drugs and medicine and to do everything in our power to urge upon such groups as the Organization for African Unity the absolute necessity to bring the war in Biafra to an immediate halt.

In other words, Mr. Speaker, he wanted Canadians simply to listen to his plea. We have always understood our press services, and indeed our government, to uphold the right of people to express their points of view. Whether we are right or wrong about this question is I think hardly the issue at stake. We have the words of some fairly eminent people in the world on this question. Lord Brockway, speaking on February 13 in the British House of Lords, in his plea for some sort of action on the part of the British government in connection with the war in Nigeria was backed up by His Grace the Archbishop of Canterbury. The sort of points made by those two noble Lords in the British House of Lords are the same points that Dr. Mbadiwe and his colleagues wanted to leave with Canadians.

I understand that Dr. Mbadiwe was the leader of the group that visited Canada, and the senior political representative. Indeed he was one of the two cabinet ministers who signed over civilian control to the military after the military coup in Nigeria. His interview was suppressed. One of his group, Mr. Ndem, did take part in the filmed interview that was shown on one C.B.C. program. However, I am not concerned about that particular program but about the remarks of Dr. Mbadiwe in his filmed interview.

[Mr. Forrestall.]

I would be grateful if the parliamentary secretary would enlighten me as to whether or not there was direct intervention on the part of either the Department of the Secretary of State or the Department of External Affairs in the suppression of the remarks made last week by Dr. Mbadiwe.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, on March 14 last the hon. member for Halifax (Mr. Forrestall) asked the Secretary of State the question which he read at the end of his speech.

[*English*]

Can she indicate to the house why there was suppression of a recent C.B.C. interview with Dr. Mbadiwe, of the Biafran region of Nigeria, which was filmed for television purposes?

[*Translation*]

First of all, Mr. Speaker, I must say that the cancelling of that filmed interview on the national network was never contemplated and that it is still not contemplated.

In fact, on March 7, the Toronto news service of the English network of the C.B.C. instructed a cameraman to film sequences of an interview with Mr. Mbadiwe and to send the films to the news service.

It was decided not to use them on the national news broadcast but to make a distribution the next day, March 8, in closed circuit through 18 stations—the English network of the C.B.C. and affiliated stations—which were free to broadcast according to their schedule. This closed circuit is part of the national network and I think that it is customary for either the English network or the French network of the C.B.C. news service to follow this method of distribution to the C.B.C. stations and all affiliated stations.

[*English*]

LABOUR CONDITIONS—NORTH SYDNEY, N.S.—REQUEST FOR ASSISTANCE FOR DOCK WORKERS

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, since under the rules of the house I am limited to seven minutes, I shall proceed as quickly as possible. On July 9, 1965, the then minister of transport, Hon. J. W. Pickersgill issued an official press release advising that a new rail car ferry would be put into operation between the port of North Sydney and Newfoundland. After being questioned in this house over many months and

after having received representations from many sources the minister admitted that this new service would bring unemployment to the region. Previously, inside and outside this chamber, he had denied on behalf of the government that there would be unemployment. He said that employment opportunities would go up and not down, and that the port of North Sydney had a bright, extremely bright, economic future so far as Canadian National operations there were concerned. Having said that, only then did he concede that the institution of the rail car ferry would have an impact on employment at the port. He said some existing employment would decline but that new jobs would be created and many economic advantages would accrue to the communities affected, by reason of the increase in traffic, to use his words.

Now, as a result of this government's action through the Canadian National, what do we find? During the busy summer season as many as 1,000 men are employed at the port of North Sydney, the average number employed all year being 700. According to statements by C.N.R. management, the new service will reduce the work force to 150 men. A minimum of 600 men will be without jobs.

Workers at Port aux Basques and Argentia will also be affected. This industry is the economic backbone of North Sydney, and all the surrounding districts from which workers come will also be hit badly. As I have already said, all this has been brought about as a result of this government's actions through the Canadian National.

You are aware, Mr. Speaker, that time and again over these many months I have pressed the government in this chamber about what it would do for these workers who will be unemployed, face hardships and be dislocated because of modernization and technological change. It is true that upgrading of educational standards has taken place. Co-operating together, the federal and provincial governments, the Canadian National and the town of North Sydney have sponsored a school for stevedores. This is all well and good. I give full marks to the government for this effort to prepare men for training. But what of the future? In a short period of time these layoffs will commence. Where will these men find other employment? The Department of Industry—and I am glad to see the Minister of Industry (Mr. Drury) here tonight—has not been successful in bringing a new industry to the town of North Sydney.

• (10:20 p.m.)

Some time ago the workers in the automobile industry were affected in a somewhat similar manner as a result of the Canada-United States automotive parts agreement. I have a pamphlet here in my hand issued by the then minister of labour, the present Minister of National Health and Welfare (Mr. MacEachen), who is the minister from Nova Scotia. It deals with the transitional assistance benefit program for the automobile workers, and in part is as follows:

> The program, introduced in June, 1965, was designed to apply to all workers whose employment is adversely affected by the Canada-United States automotive agreement—

It went on to state that the program would run through until July 26, 1969, and that payments would be available to the workers affected. That program was introduced because of the government's action in making that agreement with the United States in regard to automobile parts, and it provided that the men would have a period of about four years in which to find permanent employment. Why is there not a program instituted to assist these workers who are to be laid off at the port of North Sydney?

It is a somewhat similar situation to that of the automobile workers. The problem is not caused by a lack of markets in the area. It is a question of technological change and modernization brought about by the government, as a result of which a lot of people will be laid off and unemployed.

I would suggest and recommend to the government that it consider some sort of arrangement along the lines of the transitional assistance benefit program, better known as TAB, to help the workers at the port of North Sydney. Following the minister's statement in 1965 he held a press conference in Halifax, on July 24 of that year, at which the Minister of National Health and Welfare was present. The Minister of National Health and Welfare on that occasion gave the assurance that proposals had been under consideration for many months to adjust any worker displacements that might occur at North Sydney. According to a press report in the *Chronicle-Herald*:

> He and Mr. Pickersgill both assured the public that new programs were under consideration, and also that there would not be as much displacement of workers as far as North Sydney was concerned as had been reported. The introduction of stern-loading ships would eliminate much freight handling.

They both painted a very bright picture. Further, during the last federal election campaign the Minister of National Health and Welfare and the Liberal candidate in my area stated that no one—but no one—among these workers who are going to be affected, would suffer. Again I suggest that the government should give consideration to establishing a program similar to the transitional assistance benefit program. I ask, what is the difference? Are the automobile workers any better than the dock workers at North Sydney? Are the dock workers at North Sydney not as good as the automobile workers at Windsor?

I regret that I do not see the Minister of Manpower and Immigration (Mr. Marchand) in the chamber tonight, as he is the one to whom I have addressed questions on this matter. Of course the Minister of Labour (Mr. Nicholson) is not present either. The Minister of Industry is here and probably he is going to reply. But he is the only minister here, and this is a sad commentary on the interest which the government has in these men who work at the docks in North Sydney. It is another indication of the callous attitude which members of the government have toward unemployment in this country, which is now reaching close to half a million. In a few short months we are going to lose a minimum of another 600 jobs at North Sydney, and I urge the government to do something about it. All we have heard about the matter is talk, ever since Mr. Pickersgill has gone to a higher, more comfortable post.

At the time of his press conference he did not tell the people the truth of what was going to happen. He did not mention that, until he was free from the island of Cape Breton and back in Newfoundland, where he issued a press release. I would hope that the minister who sits before me tonight is not going to give a wordy answer without any meaning to it. I hope he will insist, among his cabinet colleagues, that something be done to assist these workers who are going to be displaced at North Sydney, something along the lines of the program which I understand has worked very well for the automobile workers.

We have a similar situation. The workers at North Sydney are affected by government action. The workers in the automobile industry were affected by government action. If the workers at North Sydney received benefits under such a program it would give them time to secure alternative employment. It would give them a period of years in which to adjust, get settled, and find suitable employment to replace what they are going to lose.

[Mr. Muir (Cape Breton North and Victoria).]

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, without knowing exactly what point the hon. member for Cape Breton North and Victoria (Mr. Muir) was intending to make, there perhaps has not been called into the house tonight the minister who could most appropriately reply. I will agree with him that the minister most familiar with this particular problem and the possible solution to it would be the Minister of Manpower and Immigration (Mr. Marchand).

As the hon. gentleman has pointed out, the temporary assistance program which he cited is applicable to and was designed only for those adversely affected by the Canada-United States automotive agreement of 1965. He has suggested that this be extended to cover all people whose employment has been dislocated as a consequence of government action. I am sure the hon. gentleman will recognize that this would cover very large numbers of people and that perhaps if a program of this type were introduced it would tend to inhibit the government in taking the kind of constructive progressive actions that are needed in order to achieve not only a fairer distribution of the wealth in Canada but also to attempt to increase the total wealth in which all of us may have a greater share.

I am filled with sympathy concerning the plight of those in North Sydney who have been thrown out of work as a consequence of this. Over the past number of months I have taken a very considerable interest in the various mechanisms available to the federal government in an effort to increase employment opportunities in the Cape Breton area. I believe the hon. gentleman is aware of the very substantial efforts made by the federal government to improve opportunities there, perhaps not specifically related to the car ferry but in general terms. As he knows, the area development agency has been of some assistance in attracting new manufacturing investments and therefore in providing new jobs in manufacturing. The Cape Breton Development Corporation is dedicated to the purpose of increasing employment opportunities in the Cape Breton area, including North Sydney.

Mr. Muir (Cape Breton North and Victoria): At the same time employment opportunities are being reduced.

Mr. Drury: At the same time I believe the program operated by the Department of Manpower and Immigration, with which the hon. member is familiar, was designed to provide assistance to people while retraining and fitting themselves for the new and highly skilled occupations which can be carried on. I shall communicate the representations of the hon. gentleman to my colleague the Minister of Manpower and Immigration. I should like to say to the hon. member once again that I share with him the regard the government has for the unfortunate plight of those in the Cape Breton area who through no fault of their own are currently out of work.

Motion agreed to and the house adjourned at 10.30 p.m.

27053—494

HOUSE OF COMMONS

Wednesday, March 20, 1968

The house met at 2.30 p.m.

PROCEDURE

Fifth, sixth and seventh reports of special committee on procedure—Mr. MacEachen.

[*Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

BUSINESS OF THE HOUSE

ADJOURNMENT TO APRIL 23 ON COMPLETION OF CERTAIN BUSINESS

Hon. Allan J. MacEachen (Minister of National Health and Welfare) moved:

That the house adjourn immediately after returning from attending royal assent to the proposed appropriation bills (supplementary estimates (c), 1967-68 and interim supply, 1968-69) and to any other measures; and

That it shall stand adjourned until Tuesday, April 23rd, 1968, at 2:30 p.m., provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with Her Majesty's government, that the public interest requires that the house should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the house shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker being unable to act owing to illness or other cause, the Deputy Speaker shall act in his stead for the purpose of this order.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Knowles: Mr. Speaker, should not this motion be transferred to government orders?

Mr. MacEachen: No.

Mr. Speaker: Perhaps I should refer the hon. member to standing order 32(1)(a) and (m) which I think will convince him that we are following the correct procedure.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, convinced or not I rise to speak on the motion and to indicate that in view of the failure of the government to give a clear indication that it will proceed with the bill reducing drug prices before this house rises, we shall vote against this motion.

Let me point out that today we are being put in the same position we have been put in on a number of occasions. The most recent one that comes to my mind is the occasion of July 7, 1967 during the course of this very session. At that point we had before the house the report of a committee regarding the pensions of retired civil servants. Some of us wanted action on that report before the house rose for the summer recess. We were told to put it off. We were told the matter would be considered and dealt with in the fall. Frankly I did not believe that, but we had no option in the end but to accept the decision of the house, although we voted against the motion to adjourn on that occasion.

We are now being put in the same position. We have had no assurance from the government that it will proceed with the consideration of Bill No. C-190. In fact all the indications are that we are not going to proceed with it.

• (2:40 p.m.)

I point out that if we are asked to adjourn the session at this point without dealing with that legislation, that the legislation will not be passed in this session. According to the terms of this motion we will be asked to come back on April 23 to continue the session. Everyone knows that certain important changes in the life of this country will take place in the meantime. There is the possibility, if not the probability, that a new government will face us when we return on April 23, and everyone knows that not much more work will be done in the remainder of this session.

This means that Bill C-190 is almost certain to die with the then imminent prorogation of this session. To tell us that the matter can be dealt with then is not, we suggest, at all satisfactory. If we are going to get this legislation, we have to get it now. I call upon the government to hold off the motion until this matter has been dealt with. I recognize that in the way the motion is worded measures other than the two supply bills could be dealt with by the house and given royal assent before we rise. But it is significant that the only items that are named are the two supply bills. I suggest this makes it very clear that the government is not prepared for us to stay in session until we deal with Bill C-190.

27053—494½

Adjournment on Completion of Business

I am fully aware of all the arguments for our having a recess. I am fully aware of the particular reason for this motion. I am fully aware of the desire of those engaged in another contest to have the opportunity to do that. But I think we have a prior obligation to the people of Canada to do something about the problems that are facing them.

Some hon. Members: Hear, hear.

Mr. Knowles: One of those problems is the high cost of living. The one specific piece of legislation this government has given us that will do something about the high cost of living is Bill C-190, which is designed in such a way as to bring down the cost of drugs to the people of this country. This is something the government has boasted about. It is one of two responses the government has made to the report of the special committee which recommended that something be done about drug prices. The government has boasted to high heaven about what it is going to do, and now it asks us to pass a resolution which in effect closes out any passing of that bill at this point in the session.

I stand here, Mr. Speaker, and make the assertion that if the bill is not dealt with now it will not be dealt with in this session. I have already cited the case of the superannuated civil servants who were asked to wait last July. They are still being asked to wait, those who have not died in the meantime. I remember that some years ago we had a government bill having to do with the Government Annuities Act. We were asked to wait until after a certain recess to deal with that bill. When we came back after the recess nothing was done, and that bill also died on the order paper.

I mention that bill in particular because the situation then parallels the situation which now faces us. The Government Annuities Act amendment of that year, about 1950 or 1951, was a government measure brought in with a great deal of fanfare; but then an insurance company lobby developed against the bill, and the lobby won. The government put the bill over until after the recess and that ended it.

We have the same situation now. We have a government bill of which the government has boasted. But there has been a terrific lobby against it by the pharmaceutical industry, and if this motion is passed and further consideration of the bill is put over until later, that lobby is such that the legislation will not be passed. Any assurances that this matter will be dealt with when we come back on April 23 might as well not be given, because they are not worth the time it takes to give them. I say that on the basis of experiences I have had, two of which I have cited, with this present government and a previous Liberal government.

We do not quarrel with April 23 as the date of our returning. We do not quarrel with the idea of a recess that is a little longer than the usual Easter recess, particularly in view of the Liberal convention that is to be held. But we still say that to the Liberals as well as to the rest of us the interests of the people of Canada should come first, and one of the things about which we could do something is the price of drugs.

My hon. friends opposite keep referring to matters of courtesy and the fact that they let others hold conventions without parliament being in session. I would remind hon. members opposite that when they had a convention in 1948 they managed to do it in such a way that parliament did not meet at all. That was the last time a party in power changed leaders. Parliament prorogued on June 30, 1948, and did not meet again until late in January, 1949, so the Liberals had ample time in that period to carry on their campaign and elect their new leader. It is the present Prime Minister who chose to give his resignation and to precipitate the leadership campaign while parliament is in session. He is responsible for this situation, but he has said repeatedly that the business of parliament comes first; in fact he said so several times in the last few weeks.

The Prime Minister has said the business of parliament comes first, even ahead of the Liberal leadership convention. This motion denies that statement. The motion says in effect that the Liberal leadership convention must come ahead of legislation to bring down the price of drugs. A statement was made a little while ago about another matter, namely the curtailing of health services in the north. I was very interested in the way Shaun Herron referred to this move on television, and spoke of the shabby values which some of the leadership candidates are giving us in this respect.

This motion is another case of shabby values. The right of the Liberal leadership candidates to travel around the country to try to win that coveted place is put ahead of their responsibility in parliament to deal with a matter which has been before us for a couple of years. This is not an opposition motion; it is not a proposal of ours. This is a government measure about which the government

has boasted a great deal, the famous Bill C-190, one of the important effects of which is to reduce the price of drugs.

Therefore, because we have no assurance that this matter will be dealt with, we contend that this motion should not be passed.

Some hon. Members: Oh, oh.

Mr. Knowles: Hon. members can utter these interjections, but all they are doing is giving me time to think of a few more things to say. Let it not be said that efforts have not been made to get this matter considered. The other house leaders have known for weeks that we wanted this piece of legislation dealt with. Attempts have been made to arrange to see the estimates through and pass this legislation at the same time. Strong words have been used, but one does not need to worry about that. The fundamental fact is that there is a difference of opinion in the house on this legislation. I know why there is a difference of opinion. It is a result of the power of the pharmaceutical lobby, which has influenced a great many people. I think we have a responsibility not only to the pharmaceutical industry, and not only to the Liberal convention, but also to the people of Canada. Therefore I insist that we stay here until this legislation is dealt with.

Although we are going to vote against this motion I have reached the conclusion that its wording does not preclude the possibility of dealing with Bill C-190. Therefore I say that even if the motion carries we shall continue to press in every way we can for Bill C-190 to be dealt with, in the hope that it can be one of the other measures referred to in the resolution which will receive royal assent at the time this part of the session comes to a conclusion. I deplore as strongly as I can the wording of this resolution which denies the Prime Minister's assertion that the business of parliament comes first. It is for this reason that we shall vote against it.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, we share the concern which has been expressed over the possibility that Bill C-190 will be allowed to die on the order paper at the end of this session. This is a very important bill. I think the fact that the government introduced it is an indication that the government considered it an important measure. On many occasions the government has expressed concern over the high cost of drugs, and in order to achieve some amelioration of the situation they did decide to introduce this measure. They assured us it would have a beneficial effect on drug prices. It is a little difficult, therefore, to understand why there has been such delay in having the house deal with it in a conclusive manner.

• (2:50 p.m.)

Now, Mr. Speaker, I too was a member of the public service committee which dealt with another measure to which the hon. member for Winnipeg North Centre referred. Remembering the fate of that particular promise there is little to reassure us even if the government does say the measure will be dealt with after the recess. For these reasons, therefore, we share the concern of others about the delay that has been indicated. Yesterday I stated we would be happy to have the supplementary estimates and interim supply go through with a minimum of debate, possibly no more debate than has been held already, in order that we could deal with Bill No. C-190. I still feel that is a desirable procedure and hope consideration would be given to that suggestion.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, just like the hon. member for Winnipeg North Centre (Mr. Knowles), I see that we will meet again on April 23 after a recess. At that time, it will be much more difficult to have any legislation now on the order paper passed.

We expect, as the hon. member for Winnipeg North Centre said, that the next prime minister will then want to prorogue the current session and open a new one.

The hon. member for Winnipeg North Centre mentioned a very important bill which appears on the order paper, that is Bill No. C-190, and we would also like to see it passed before recess.

But there is another legislation which, we hope, will be passed during this session, and I would ask the government house leader to place it among the measures to be passed before the adjournment proposed in the motion before us. It is Bill No. C-186 entitled "An Act to amend the Industrial Relations and Disputes Investigation Act".

Everybody knows, Mr. Speaker, that we have been asking for at least two years, amendments to the Industrial Relations and Disputes Investigation Act and the composition of the Canada Labour Relations Board.

A cabinet committee studied the problem. At least three ministers, the hon. Minister of Labour (Mr. Nicholson), the hon. Minister of

Manpower and Immigration (Mr. Marchand) and the hon. Member of the Administration (Mr. Mackasey) have spoken very strongly in favour of Bill No. C-186.

Moreover, on several occasions, we asked the right hon. Prime Minister if he would take the necessary steps for this bill to be passed during the present session, and he always seemed to be very much in favour of the idea that Bill No. C-186 should be passed during this session.

Now, if the government took the trouble to create a special cabinet committee if three ministers and the right hon. Prime Minister are directly interested in having Bill No. C-186 passed as soon as possible, I feel that, under those circumstances, not only should Bill No. C-190, which I strongly support, be included in the legislation to be passed before adjournment, but also Bill No. C-186 which I favour even more.

Mr. Speaker, I think we are ready to consider the motion for second reading of this bill. By the way, yesterday, the chairman of the committee on labour and employment asked for the unanimous consent of the house in order that the committee might sit during the sittings of the house yesterday in order to prepare its report. We gave that unanimous consent. The committee sat yesterday. I think it is now ready to present its report on Bill No. C-186 which I think could be passed very quickly.

If the government is willing to co-operate and accept the suggestion that the two bills, Nos. C-190 and C-186, be passed before the house adjourns, all the members of the opposition will then show much greater co-operation with regard to the speedy passage of the supplementary estimates and interim supplies which the government is asking.

Therefore, I appeal to the spirit of co-operation of the government house leader. If he is willing, to proceed with those two bills which, as stated earlier by the hon. member for Winnipeg North Centre, have been introduced and endorsed by the government, we are ready to co-operate fully for the passage of the supplementary estimates, interim supply and the two bills I have just mentioned, namely Bills Nos. C-190 and C-186.

A good impulse on the part of the government leader will be followed by the full co-operation of the opposition; in fact, we can probably complete our business even more quickly, with the government's co-operation.

[Mr. Grégoire.]

[*English*]

Mr. M. W. Martin (Timmins): Mr. Speaker, I think it will be generally accepted that I do not take up the time of the house too often, or for too long a period of time when I do. I am wondering whether it is possible for the Minister of National Health and Welfare to aid me in this pursuit of brevity. Could the minister give us an assurance that the bill to reduce drug prices will be one of those "any other measures" mentioned in paragraph 1?

Mr. Speaker: Order. May I remind the hon. member that we are not in committee now. The minister has already spoken. If the hon. member for Timmins wants to make a presentation, he should complete it before the minister responds.

Mr. Martin (Timmins): Mr. Speaker, failing that assurance I will have to be my usual brief self.

There are two or three points which have been made and should be underlined. We should all realize that this is a government bill; that the bill has received first and second reading, approval in principle; that we do not need to take too much time of the house to complete the further stages. I think most important of all, Mr. Speaker, we should realize that no later than yesterday afternoon we had the assurance of the minister of consumer affairs that he is prepared to proceed with this bill at once. We also had the assurance that the minister wanted to see this bill through.

In the face of this, Mr. Speaker, and in view of the co-operation offered by the opposition to implement this legislation, what real reason do we have to hold it back?

Another matter that hon. members should realize is this. The government have the primary responsibility of bringing in the legislation that the house is going to deal with. They also have the responsibility of setting the time when the legislation should be brought in and dealt with. I think the members of the opposition should realize that they also have a responsibility in this regard. Who is affected by this legislation?

Mr. Speaker: Order, please. I have to interrupt the hon. member for Timmins to remind him that what is now before the house is not the bill to which he refers. I fully admit that the matter can be referred to incidentally when speaking to the motion, but there is a very specific motion before the house. The hon. member is making a speech that he

might want to make, or perhaps has made already when the house considered second reading of the bill to which he has referred. If the hon. member were given an entirely free hand to discuss this bill we might spend a long time discussing at length and in detail every item of business that is on the order paper.

I suggest to hon. members that this would not be in order, and that an effort should be made to concentrate on the motion that is now before the house.

• (3:00 p.m.)

Mr. Martin (Timmins): I agree with Your Honour, so I will approach this question from the other direction. If the motion that is on the order paper is agreed to it will mean that as soon as we finish supplementary estimates and interim supply we can forget everything else on the order paper and go jogging off across the country on what the newspapers like to refer to as another holiday for members of parliament.

If we go off just like that we shall be judged by those in this country who will be affected by our failure to pass the legislation, the sick, the aged and those with chronic ailments who must buy drugs every day and who every day are shocked by the prices they must pay for those drugs.

Here we have an opportunity to lower drug prices and we are asked by the government to forget about it. That is tantamount to saying "Let's get on with the Liberal leadership race and forget our responsibilities and ignore the first opportunity we have had to lower the cost of living in this country. Let's forget all about it. This isn't really important; other things are far more important." The judgment of the people will be passed not only on the government but on the opposition also, and the way our people judge us will depend on the way we deal with this particular issue.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I feel that we must support the proposal of the hon. member for Winnipeg North Centre (Mr. Knowles) inviting the government to give us the assurance that Bill No. C-190 will be considered and passed before the recess.

I wonder why the government is taking so much time to introduce this bill which seems very important for the reduction in the cost of drugs? We are confident that the bill will succeed in reducing the prices which are exorbitant in many cases, and the more we delay in passing it, the longer the consumers who cannot do without drugs must pay exorbitant prices. For a long time now, the government has told us of its determination to fight inflation and, in my opinion, it now has a golden opportunity to do so, at least in part, by reducing the price of drugs.

I think that we should study this bill before this session is adjourned, and that is why we support the proposal of the hon. member for Winnipeg North Centre.

[*English*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, with respect to this motion to adjourn the house after interim supply and the supplementary estimates have been passed, I know most members are always glad to see the house recess after they have been here for a long and strenuous session. Most of us have things we want to do in our constituencies.

I am surprised at the silence of the government benches, at the failure of the Prime Minister or any cabinet minister to tell us why the adjournment is so important that we cannot deal with a piece of legislation which was introduced by the government on the recommendation of a committee of the house, a piece of legislation which has had second reading and only requires to be discussed in committee of the whole and given third reading. Surely the house is entitled to some statement from the government about why the adjournment is so urgent that a vital piece of legislation which could be put through the house in a comparatively short period cannot be dealt with.

I point out that the legislation we are asking be dealt with before the recess is the outcome of the work of a house committee which was appointed about two and a half years ago. The committee spent two years investigating the drug industry, and it professed to be appalled at the high price of drugs for the consumer. That committee brought in a series of recommendations, and the government has acted on one of them by dealing with sales tax on drugs. That action resulted in a temporary reduction in some drug prices, but I am told that prices already are climbing back up, and there has been virtually no relief for those in Canada who have to buy drugs.

The other committee recommendation the government acted on was the introduction of Bill C-190, dealing with patents and trade marks. We discussed this bill fully on second reading, and the government convinced many

members that while the legislation would not solve all problems, it would go far toward reducing the price of drugs for Canadian people.

The government having done that, fine; we want to know why the government is not prepared to complete the job before it recesses. It is not as though the government has not had plenty of warning about our views. On orders of the day two or three weeks ago I asked the Prime Minister if he would consider calling Bill C-190, and the Prime Minister said then that once we get the supplementary estimates and interim supply through it might be possible to do that. We want to know whether the government is prepared to assure us that the bill will be called before the recess. Is this bill among "any other measures" referred to in the motion? The motion before the house says:

> That the house adjourn immediately after returning from attending royal assent to the proposed appropriation bills (supplementary estimates (C), 1967-68 and interim supply, 1968-69) and to any other measures;—

If the government would tell us this bill is one of the measures referred to, we could make rapid progress. The government knew this matter to be contentious, and it had ample opportunity to arrange the business of the house. I submit discussion of the matter would not take a great deal of time now. We could discuss the bill in committee of the whole and give it third reading in relatively short order.

I appreciate the government's problems. Government members want to get out of here as quickly as they can. They want to get on with the Liberal leadership convention, and that is understandable. I point out that the decision to hold the Liberal leadership convention in the first week of April and to try to carry on parliament while the leadership of the Liberal party was being contested was not made by the opposition parties. It was made by the government. Consequently this house has been bedevilled for the past few months with the government trying to run a two ring circus. Our present dilemma has been precipitated because the minds of many cabinet ministers are more on the leadership contest than on the business of the house or the affairs of their departments. We do not want in any way to obstruct the government members—

Some hon. Members: Oh, oh.

Mr. Douglas: —from attending their convention. We are prepared to do what we can, within conscionable limits, to see that government members get out of here and that cabinet ministers can conduct their campaigns and line up their delegates. But surely we are not asking too much when we ask the government to take a day or a day and a half, or whatever time is necessary, to pass this particular piece of legislation. As a matter of fact, if the government had agreed, yesterday we could have put through interim supply and supplementary estimates, and we could have begun the drug debate today and probably finished it by tomorrow. The government must decide what is its top priority.

Mr. Pearson: Exactly.

Mr. Douglas: The government must decide whether this drug legislation is more important than getting out of here a couple of days earlier. Whether it is of greater advantage to the people of Canada to have government members getting out a couple of days early to campaign instead of having the house sit for another day or day and a half to pass this important legislation is a decision and a responsibility the government must accept.

• (3:10 p.m.)

I agree with my hon. friend from Winnipeg North Centre that for the Prime Minister or anyone else to tell us that this legislation will be dealt with when we come back is not at all satisfactory. I have risen session after session for the last four years to ask the government about the Canada Development Corporation. There have been resolutions on the order paper to set up such a corporation. We were told repeatedly that the matter would be dealt with later in the session. We have not seen it yet.

Mr. Martin (Essex East): You will.

Mr. Douglas: The Secretary of State for External Affairs says "You will". Where is it? The government has had four years to put it on the order paper. If the hon. gentleman as a candidate for the leadership of the Liberal party is making this a promise to me, he has my vote right now. But we have had promises for four consecutive years and nothing has happened, and such being the case I think we are justified in taking an attitude which is somewhat cynical, somewhat sceptical.

The government has brought in a motion which says parliament shall adjourn just as soon as the supplementary estimates, interim supply and any other measures it may wish to bring in have been dealt with. I want to

say to the government in all seriousness that they will facilitate the adjournment of this session by saying now they are prepared to bring in Bill C-190 either before interim supply or right after interim supply, and that Bill C-190 will be one of the items listed under other matters. If we receive this kind of assurance we are prepared to support the motion before us and facilitate the business of the house. But if the government intends to insist that its political considerations take priority over a piece of legislation which they themselves introduced for the alleged purpose of helping to reduce drug prices, then we shall have no alternative but to oppose this motion and continue to insist that before parliament recesses we shall deal with this important piece of legislation. We feel we owe this to the people of Canada as well as to the members of the committee on drugs who toiled for two years to deal with this question.

Neither members on this side of the house nor members on the other side have the right to allow this legislation to be tossed into the wastepaper basket merely because there are political considerations which require the government to adjourn the house early, rather than do the thing which is the responsibility of parliament at the present time.

Mr. MacEachen: Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I listened with a great deal of interest to the remarks of the hon. member for Burnaby-Coquitlam. I almost gagged when I heard him say that the government was being influenced by political considerations. I suppose what we have heard this afternoon is a demonstration of the purest concern for the public interest, completely unrelated to ballot boxes or votes or constituencies or the electorate. It has been an exercise in the public interest, nothing else. It has been an exercise in public morality.

Some hon. Members: Hear, hear.

Mr. MacEachen: A party which voted for dissolution three weeks ago—

Some hon. Members: Oh, oh.

Mr. MacEachen: A party which voted for an end of parliament, a party which voted to kill every item on the order paper, is today on its feet crying and begging to us to stay here for a few more days to pass a particular bill.

Some hon. Members: Oh, oh.

Mr. MacEachen: Those of us who have watched the New Democratic party on these occasions will realize that this is a familiar technique. Last July the house was moving toward an adjournment on a regular basis; there was a consensus that it was time to adjourn for a period and go back to our constituencies. Everyone felt this. Suddenly the hon. member for Winnipeg North Centre said "No, you cannot leave until I have my increase for the retired civil servants."

Some hon. Members: Hear, hear.

An hon. Member: Blackmail.

Mr. MacEachen: Today we were told by the hon. member for Burnaby-Coquitlam that if we give a commitment to him and his party that we will bring in the drug bill now, he and his hon. friends will facilitate the passage of supplementary estimates and supply. What is that but political blackmail?

Some hon. Members: Hear, hear.

Mr. MacEachen: Yesterday we tried to work out arrangements to accommodate all interests in the house. There was resistance to it because members of parliament both on this side of the house and on the other side are fed up with the tactics which are being employed on every occasion when we try to bring on an adjournment, tactics of blackmail.

Some hon. Members: Hear, hear.

Mr. MacEachen: We are told we cannot close the house until such and such is done. We on this side know perfectly well that we cannot bring an end to the session. The right hon. member for Prince Albert, when he sat on these benches as prime minister, often said "The government opens the house but the opposition closes it." He was perfectly right. We need to get interim supply. We need to get the supplementary estimates passed. We must have these things before the house is adjourned. There is no time limit on the discussion, and members of the opposition, or members on this side, can keep us here as long as they wish. It is up to the members of the opposition to decide when the house is to close.

Adjournment on Completion of Business

A week ago Monday I made it clear in informal conversations—I do not intend to disclose anything which was said in confidence, but this has been made public—that it was the intention of the government to bring on an adjournment when we had completed the passage of interim supply and the supplementary estimates. This was the intention. Naturally the New Democratic party asked us to bring on the drug bill. We considered this and found that consideration of the drug bill would involve protracted debate. It could not be disposed of in a day or two. Hon. members over in that corner say they only want the debate to take one day, which means that everyone else must agree to pass it in a day. Mr. Speaker, other hon. members may wish to take a longer time.

Mr. Speaker, we are committed to Bill C-190. It was brought in by the government, it has been given second reading, it has been approved in principle by the House of Commons. Yesterday the responsible minister stated he was ready to stand by the bill in terms of its economic significance and the safety afforded to the Canadian public.

Mr. Douglas: May I ask the minister—

Some hon. Members: Sit down.

Mr. Douglas: May I ask the minister to read the rest of the statement made by his colleague?

Mr. MacEachen: I will. He said he was prepared to have it debated at any time. Certainly he is ready to have it debated at any time, because he is fully prepared; he knows his legislation and is ready to deal with it in the house.

• (3:20 p.m.)

We are not withdrawing this bill. It is still on the order paper and when the session is resumed next month it will be proceeded with by the government. I am quite satisfied that no matter what events take place in April this bill will be proceeded with by the government of Canada. In saying that I am satisfied that it is reasonable at this point to ask the house to complete consideration of the supply items and interim supply and reach an early adjournment so the house can return and complete the business on the order paper.

We are not asking for any special consideration. We have been engaged in the business of the house for a long period since the session began, and I believe it is reasonable to ask for an adjournment at this particular moment. I would ask the members of the New Democratic party to reconsider their position and give this motion unanimous approval.

Mr. Barnett: Mr. Speaker, I wonder whether the minister, as house leader, is prepared to say that the bill which has been under discussion will be the first item of government business to be called when the house resumes its sittings on April 23 in accordance with the terms of this motion.

Mr. MacEachen: Mr. Speaker, I do not intend to be house leader when we return.

Some hon. Members: Hear, hear.

Mr. Knowles: Mr. Speaker—

Mr. Speaker: Order, please. Is the hon. member rising on a point of order?

Mr. Knowles: I rise on a question of privilege, Mr. Speaker. I hope you will grant me the indulgence of a very brief statement before you call for the vote. I accepted without question your ruling about this motion as to when it should be debated. May I ask Your Honour at your leisure to reread standing order 21(2) which requires that certain government notices of motion be transferred to government orders. Would Your Honour also look at page 2 of the notice paper of Monday, March 18, in which notice was given of this motion and in which it is identified as a government notice of motion. It was because it was so identified as a government notice of motion that I thought standing order 22(2) should apply.

I do not quarrel with the fact that we have had the debate now, but I should like to point out that this is the reason I thought it should have been transferred to government orders.

Mr. Speaker: Order, please. Perhaps I might further substantiate the opinion I expressed a moment ago when I ruled on the point of order raised by the hon. member. I suggest to him that this is a point of order he is raising now rather than a question of privilege.

I should like to refer the hon. member for Winnipeg North Centre to the report of the committee on procedure which is referred to in volume XCIX of the *Journals* of the house for the year 1955, at page 746v. This is a report of the committee on procedure with which the hon. member is familiar. It was presented on June 14, 1955 and concurred in

by the house on July 12, 1955. It reads in part as follows:

That motions for concurrence in reports of any standing or special committee, for the suspension of any standing order, or such other motions made upon routine procedings, as may be required for the observances of the proprieties of the house, the maintenance of its authority, the appointment or conduct of its officers, the management of its business, the arrangements of its proceedings, the correctness of its records, the fixing of its sitting days or the times of its meeting or adjournment shall be listed, when notice is required, called and disposed of under "Motions".

Those in favour of the motion please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed to the motion please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. MacEachen) which was agreed to on the following division:

• (3:30 p.m.)

Division

YEAS

Messrs:

Addison
Aiken
Alkenbrack
Allmand
Andras
Asselin (Richmond-Wolfe)
Badanai
Baldwin
Basford
Batten
Béchard
Beer
Bell (Carleton)
Bell (Saint John-Albert)
Berger
Blouin
Boulanger
Bower
Brand
Brown
Cadieux (Terrebonne)
Cantelon
Cantin
Caron
Cashin
Caston
Chatterton
Chatwood
Choquette
Code
Côté (Longueuil)
Côté (Nicolet-Yamaska)
Cowan
Crossman
Danforth
Davis
Deachman
Drury
Dubé
Duquet
Enns
Ethier
Fairweather
Fane
Faulkner
Flemming
Forest
Forrestall
Foy
Goyer
Granger
Greene
Grills
Groos
Guay
Habel
Haidasz
Harley
Hellyer
Herridge
Honey
Hopkins
Horner (The Battlefords)
Howe (Wellington-Huron)
Hymmen
Jamieson
Jorgenson
Keays
Korchinski
Lachance
Langlois (Chicoutimi)
Laniel
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Lind
Loiselle
Loney
Macaluso
MacDonald (Prince)
Macdonald (Rosedale)
MacEachen
MacEwan
MacInnis (Cape Breton South)
MacLean (Queens)
MacRae
McCleave
McIntosh
McKinley
McLean (Charlotte)
McLelland
McNulty
McQuaid
Madill
Marchand
Martin (Essex East)
Matheson
Matte
Mongrain
Moore
Morison
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Munro
Nasserden
Neveu
Nicholson
Noël
Nowlan
Nugent
O'Keefe
Orange
Otto
Ouellet
Pascoe
Pearson
Pelletier
Pennell
Pepin
Pilon
Prud'homme
Racine
Rapp
Reid
Richard
Rideout (Mrs.)
Rochon
Rock
Roxburgh
Ryan
Rynard
Sauvé
Scott (Victoria (Ont.))
Sharp
Sherman
Simpson
Smith
Southam
Stafford
Stanbury
Starr
Stefanson
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Thomas (Middlesex West)
Tolmie
Tremblay
Trudeau
Turner
Valade
Wadds (Mrs.)
Wahn
Walker
Watson (Assiniboia)
Watson (Châteauguay-Huntingdon-Laprairie)
Webb
Whelan
Winters
Yanakis—164.

NAYS

Messrs:

Barnett
Cameron (Nanaimo-Cowichan-The Islands)
Dionne
Douglas
Fawcett
Germa
Gilbert
Godin
Grégoire
Howe (Hamilton South)
Knowles
Laprise
Latulippe
MacInnis (Mrs.)
Martin (Timmins)
Mather
Orlikow
Patterson
Peters
Prittie
Saltsman
Schreyer
Simard—23.

• (3:50 p.m.)

Mr. Mackasey: Mr. Speaker, I was paired with the hon. member for Calgary South (Mr. Ballard). Had I voted I would have voted for the motion.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

COST OF MEDICARE IN BRITISH COLUMBIA

Question No. 727—**Mr. Fulton:**

1. As the result of discussions with provincial authorities about the proposed medicare program, or through other means, is it within the knowledge of the federal government what is the annual cost of that portion of the present medical care program in British Columbia which is paid out of tax money in that province and, if so, what is the amount?

2. On the basis of current statistics, what will be the cost to the treasury of British Columbia, in a full year, of the medicare program as provided under the federal legislation of 1966, if the program goes into effect with respect to B.C. on July 1, 1968?

3. What is the estimated cost to the federal Treasury in the same period in respect of British Columbia?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): 1. No.

2. In the hypothetical case of a medicare program as provided under the federal legislation of 1966 being in operation for the full calendar year 1968, the estimated aggregate cost in British Columbia would be $82.3 million. With federal participation, the estimated cost to the treasury of British Columbia would be $39.6 million. Such an estimate, of course, is based on a number of assumptions concerning the number of residents covered, the schedule of fees, the percentage rate of payment, etc.

3. In the same hypothetical case for the calendar year 1968, assuming 100 per cent population coverage and full participation by all provinces and territories, the estimated cost to the federal treasury in respect of British Columbia would be $42.7 million.

CONTINGENCY VOTE IN ESTIMATES

Question No. 1,003—**Mr. Bell (Carleton):**

1. During each of the fiscal years 1963-64 to date, what was the total amount of the Vote in the Department of Finance or Treasury Board for contingencies and minor unforeseen expenses not otherwise provided for?

2. In each of the said years, what was the gross total amount initially charged to the said Vote for contingencies?

3. Of such amounts so charged to the said Vote, what was the total amount in each of the said years subsequently replaced in the said Vote by provision in Supplementary Estimates or otherwise?

4. In each of the said years, what was the net total amount finally charged to the said Vote after such replacements?

5. At any time, during any of the said years, was there outstanding and charged to the said Vote for contingencies an amount or amounts greater than the amount at that period of time appropriated by Parliament for the said Vote for contingencies?

6. If so, on what occasions?

Hon. E. J. Benson (President of the Treasury Board): 1. See statement Column (1).

2. See statement Column (2).

3. See statement Column (3).

4. See statement Column (4).

5. No.

6. See no. 5.

Fiscal Year	1 Total Amount Appropriated	2 Gross Amount Charged		3 Total Amount Replaced		4 Net Total Charged	
		Salaries	Other	Salaries	Other	Salaries	Other
1963-64	109,000,000	96,847,895	6,661,100	—	3,739,912	96,847,895	2,921,188*
1964-65	46,000,000	35,602,645	13,456,119	—	11,257,785	35,602,645	2,198,334*
1965-66	71,000,000	64,865,654	11,834,217	—	9,466,856	64,865,654	2,367,361*
1966-67	110,000,000	106,226,670	9,545,679	—	9,544,871	106,226,670	808
1967-68 (as at March 13, 1968)	45,000,000	19,645,700	13,625,772	—	4,716,744	19,645,700	8,909,028**

*Largely expenditures on federal government's winter works program.

**of which $8,908,819 will be reimbursed from items in supplementary estimates (C), 1967-68, leaving a net charge of $209.

Questions

NEW BUILDINGS, EXPERIMENTAL FARM, OTTAWA

Question No. 1,021—**Mrs. Wadds:**

What new buildings have been built at the Experimental Farm in the last five years, and what was the cost of each?

Hon. J. J. Greene (Minister of Agriculture): Department of Agriculture: 1964, Storage building (prefab), $14,765; 1965, Plastic greenhouse, $10,794; 1965, Lath house, $4,339; 1965, 2 Plywood silos, $4,700; 1966, 8 Screenhouses, $2,600; 1967, Greenhouse, $34,202; 1967, 2 Plastic greenhouses, $64,900.

Department of Public Works: 1963, East west headerhouse, $322,213; 1963, Seismograph vault (Energy, Mines & Resources), $90,421; 1964, Honey house addition, $165,039; 1966, Irrigation pump house, Hartwell locks, $40,360; 1966, Sir John Carling building, $9,962,579; 1967, Addition to apiculture building, $46,243; 1967, Plant growth building, $135,220.

OPERATION OF RETAIL OUTLETS, ARMED FORCES BASES

Question No. 1,036—**Mr. Ballard:**

In connection with the operation of food stores and other retail outlets on Canadian Forces Bases:

1. How many food stores, gas stations and other retail outlets are operated by N.P.F. (non-public funds of units)?

2. What is N.P.F.?

3. Is N.P.F. incorporated and in what province?

4. Who appoints or elects its management and to whom do they answer?

5. What is the total business volume (retail sales)?

6. Who audits the books and where is the audit published or to whom is it available?

7. Have there been any modifications to the policy governing N.P.F. in 1967, and are any proposed changes at present under discussion?

Hon. Léo Cadieux (Minister of National Defence): 1. Food stores, 12; Gas stations, 41; other retail outlets, 179. In addition, Maple Leaf Services operate, 7 Food stores; 4 Gas stations; 16 other retail outlets; as well as canteens in troop lines and junior ranks' clubs.

2. "N.P.F." stands for "non-public funds" which is a term used in the Department of National Defence to indicate non-public money and property used for the collective benefit and welfare of the members of the forces, in accordance with section 39 of the National Defence Act.

[Mr. Benson.]

3. No, "N.P.F." is not incorporated. However, Maple Leaf Services is an independent body incorporated in May 1954 under the provisions of part II of the Companies' Act, and is therefore not a crown corporation.

4. The non-public funds of units or other elements of the Canadian Forces are administered by mess, institute or canteen committees, which are approved by the commanding officer, and are responsible to the commanding officer of the unit for the efficient management of the messes, institutes and canteens in accordance with orders issued by the chief of the defence staff. Insofar as Maple Leaf Services is concerned, the members of the corporation are the officers and men of the regular army. The operations are controlled by a board of six directors, (officers of the Canadian Forces). The president and managing director are responsible to the board of directors for the day to day management of the corporation.

5. In 1966-67, the total retail sales of the N.P.F. businesses listed in (1) above was $28,477,782, and Maple Leaf Services $20,377,175.

6. Non-public fund accounts are audited not less than once annually by a board of officers appointed by the commanding officer of the unit. The audit reports are made available to the commanding officer, his next superior officer, and to the mess, institute and canteen committees. Insofar as Maple Leaf Services is concerned, the annual audit is carried out by a private company. This audit is available to all members of the corporation.

7. No. However, in view of the fact that the reorganization act was proclaimed on 1 February, 1968, a proposal is being considered which would bring the services and amenities provided by Maple Leaf Services, as well as other N.P.F. activities, within an organization to be known as the Canadian Armed Forces Exchange System (CANEX). This will result in all resale outlets and amenities formerly under Maple Leaf Services and former naval or air force bases and units, being operated within the Canadian Armed Forces Exchange System under common management procedures and technical advice by the Director General CANEX as directed by the chief of the defence staff.

"GUIDE TO CANADIAN MINISTRIES"

Question No. 1,040—**Mr. Bell (Carleton):**

1. Was a *Guide to Canadian Ministries* 1867-1967 planned as a centennial project?

2. If so, what stage has been reached in its publication?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by Public Archives as follows: 1. Yes.

2. The data upon which the text of the Guide is based is provided by the Privy Council office. Owing to pressure of other work the office has not yet been able to send to the Public Archives the data for the period August 1, 1965 to July 1, 1967. As soon as this is received the Archives will proceed with the publication of a complete new edition of the Guide that will cover the period 1867-1967.

SALES OF DEFENCE EQUIPMENT TO U.S.

Question No. 1,069—**Mr. Douglas:**

1. What was the value of all arms, ammunition, implements of war, vehicles, mechanical and other equipment, water-craft, amphibious craft, aircraft, animals, articles, materials, substances and things required or used for the purpose of the defence of Canada or for cooperative efforts for defence being carried on by Canada and an associated government sold by Canada to the United States in 1967?

2. What was the value of air-to-ground rockets sold by Canada to the United States in 1967?

3. What was the value of TNT sold by Canada to the United States in 1967?

4. What was the value of Octrol sold by Canada to the United States in 1967?

5. What was the value of aircraft sold by Canada to the United States in 1967?

6. Was any of the material named in Part 1 and sold by Canada to the United States made in plants owned, leased or operated by the Canadian Government and, if so (a) what plants were involved and (b) what was produced in each of these plants?

Hon. C. M. Drury (Minister of Industry): Insofar as the Department of Defence Production is concerned: 1. Items under the heading "arms, ammunition, implements of war, vehicles, mechanical and other equipment, water-craft, amphibious craft, aircraft, animals, articles, materials, substances and things required or used for the purpose of the defence of Canada or for co-operative efforts for defence being carried on by Canada and an associated government sold by Canada to the United States in 1967" would include a substantial proportion of raw and semi-processed materials such as nickel, copper, zinc, iron ore, oil, chemicals, etc. entering into Canada/United States trade, for which there is no satisfactory method of ascertaining what proportion of the total movement was required or used for the purpose of defence. It is, therefore, not possible to give a definitive and meaningful answer to this part.

2. Nil.

3. In 1967 U.S. contracts for TNT placed in Canada under the Canada/United States production sharing program totalled $4,091,-342.

4. No Octrol nor Octol was sold by Canada to the United States in 1967.

5. No completed military aircraft were sold to the United States in 1967.

6. For the reasons given in the answer to part 1, a complete answer cannot be given for this part. For sales under the Canada/United States production sharing program, which are known to fall in the category defined in part 1: (a) (i) Canadian Arsenals Limited, filling division, St. Paul l'Ermite, Quebec; (ii) Louise Basin Plant, Quebec, (operated by Valcartier Industries, Valcartier, Quebec); (iii) Canadian Arsenals Limited, small arms division. (b) (i) Miscellaneous ammunition components; (ii) Brass cartridge cases; (iii) Components for small arms.

CONSTRUCTION OF DESTROYERS

Question No. 1,075—**Mr. Forrestall:**

1. What is the present total estimated cost for construction of the four new destroyers, including the equipment costs of these ships?

2. When will the review of the bids for the construction of these ships be completed?

3. Is any consideration being given to having one yard build all four ships?

Hon. C. M. Drury (Minister of Industry): In so far as the Department of Defence Production is concerned: 1. The present estimated total cost for construction, equipment, installation of equipment and testing of equipment during the sea trials is between $220 million and $225 million.

2. Prior to April 12, 1968.

3. Consideration was given but it was found that such a course was not advantageous.

TENDER CALLS FOR DESTROYERS

Question No. 1,083—**Mr. Lambert:**

1. Have tender calls been put for the construction of any or all four of the so-called D.D.H. destroyers of the Department of National Defence and, if so (a) for how many (b) on what date?

Questions

2. How many tenders were received, from what firms, and for what amounts either individually or on any other basis?

3. If bids were received, are any or all of them acceptable and, if so, when is it expected that a decision would be reached to award a contract and, in that event, what would be the expected date of signing the contract?

4. In the event of a firm date for awarding a contract for any or all of these vessels, what would be the anticipated dates for (a) laying the keel (b) delivery of the vessels to the Canadian Forces Naval Branch?

Hon. C. M. Drury (Minister of Industry): In so far as the Department of Defence Production is concerned: 1. Requests for proposals for the construction and installation of equipment items on four DDH-280 class vessels were issued to the shipyards qualified to submit proposals in two categories, one for the lead (first) ship and the second ship, and the other for the third and fourth ships, on April 12, 1967.

2. On the closing date for receipt of proposals, December 12th, 1967 two were received for the lead ship and the second ship of the program, and four were received for the third and fourth ships, as follows:

Name of company	Evaluation price
Lead and second ship	
Marine Industries Limited	$20,436,200
Davie Shipbuilding Limited	$24,042,767
Third and fourth ship	
Marine Industries Limited	$18,459,950
Davie Shipbuilding Limited	$22,523,170
Halifax Shipyard Division of DOSCO	$34,758,206
Burrard Dry Dock Company Limited	$49,287,230

3. Assessment and evaluation of the proposals is continuing. Award of contracts is expected to be made by April 12th, 1968.

4. The schedules for the construction of these ships will be the responsibilities of the successful contractors to meet the required delivery dates of June 1971 for the lead ship, November 1971 for the second, June 1972 for the third and September 1972 for the fourth ship.

SHIPS BUILT FOR ATLANTIC SUGAR REFINERIES

Question No. 1,089—**Mr. MacRae:**

1. How many ships have been built for the Atlantic Sugar Refineries Limited on which a federal government subsidy was paid?

[Mr. Lambert.]

2. Where were these ships built?

3. Where will they be used?

4. What were the total construction costs?

5. What was the total amount of the subsidy?

Hon. C. M. Drury (Minister of Industry): 1. Atlantic Sugar Refineries Limited have contracted for 15 ships for which ship construction subsidies have been authorized. Of these, 11 are completed and four are under construction.

2. Yarrows Limited, 2 ships; Canadian Vickers Shipyards Limited: Montreal Division, 3 ships, Geo. T. Davie Division, 8 ships; Newfoundland Marine Works, 2 ships.

3. Not known.

4. Total construction costs are not known. However, "approved costs" for purposes of subsidies are $24,346,335.

5. Total amount of subsidy paid or to be paid is $12,173,167.50.

WHEAT BOARD ALLOCATION FOR MARKETING GRAIN

Question No. 1,097—**Mr. Schreyer:**

1. In the last fiscal year, what was the expenditure by the Canadian Wheat Board allocated to the operation of marketing producers' grain?

2. Of the above amount, how much was allocated to sales promotional activities?

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): 1 and 2. Information with respect to the expenditure by the Canadian Wheat Board allocated to the operation of marketing producers' grain for the fiscal year ending July 31st, 1967, will appear in the board's annual report for the 1966-67 crop year and cannot be released until that report has been tabled in parliament. The annual report is now in its final stages of preparation and will be tabled in parliament shortly.

COMMITTEE ON MUTUAL FUNDS AND INVESTMENT CONTRACTS

Question No. 1,101—**Mr. Bell (Carleton):**

1. Who are the members of the Canadian Committee on Mutual Funds and Investment Contracts?

2. What are the terms of reference of the Committee?

3. When is it anticipated that a report will be received from the Committee?

4. What has been (a) the total cost of the Committee to date (b) the share thereof of the Government of Canada?

5. What is the anticipated additional cost of the Committee?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): 1. Gordon E. Grundy, F.C.A., chairman and Ontario representative; Louis de B. Gravel, Quebec representative; W. S. Irwin, British Columbia representative; K. P. Lawton, Q.C., New Brunswick representative; Marc Lalonde, Federal government representative; G. H. Rose, Q.C., Alberta representative; F. C. Tapley, Manitoba representative.

2. The Canadian securities administrators at their Winnipeg conference in 1965, passed a resolution recommending that a committee be established to study the mutual fund and investment contracts industries in Canada. In furtherance of this resolution, the province of Quebec, at the interprovincial conference of prime ministers of 1966, proposed that such a study be undertaken and that the federal government be invited to participate in it. The proposal was ratified at the federal-provincial conference held at Ottawa in November 1966. The purpose of the committee is to study the operations of mutual fund and investment contracts industries, including invesment funds offered for public participation by trust companies, and equity-based insurance contracts offered by insurance companies and to report on whether the existing legislation and regulation, in these areas, is adequate for the protection of the investor.

3. The winter of 1968-1969.

4. As at February 29, 1968, the total cash disbursements were $175,743.72. The federal government's share is 50 per cent of the total amount.

5. The committee has budgeted for additional expenditures of $312,407.

PENSION PLAN COLLECTIONS FROM PERSONS SINCE DECEASED

Question No 1,104—**Mr. Rapp:**

1. How much money was collected for the Canada Pension Plan from persons who died between January 1, 1966 and January 1, 1968?

2. Will these payments be returned to their estates?

Hon. Jean Chrétien (Minister of National Revenue): 1. Not available.

2. The maximum contribution payable by a contributor when calculated in accordance with the plan is not returnable to the estate of the contributor. However, for the year of death the calculation of the maximum Canada Pension Plan contribution payable by the deceased contributor is based on the number of months before the date of death and if the amount so calculated is less than the contributions actually collected the difference would be refunded to the estate of the contributor.

INCOME AND ESTATE TAX COLLECTIONS

Question No. 1,106—**Mr. Davis:**

1. What were the personal income tax payments to the federal government in total and on an average per capita basis, by province, for the fiscal year 1965-66?

2. What were the corporate income tax payments to the federal government in total and on an average per capita basis, by province, for the fiscal year 1965-66?

3. What was the Estate Tax, in total and by province, collected by the federal government in the fiscal year 1965-66?

Hon. Jean Chrétien (Minister of National Revenue): 1. Personal income tax payments to the federal government for the fiscal year 1965-66 were $3,166.6 million. The total includes old age security tax and provincial income tax collected by the federal government. Collection figures by provinces are not available because payments processed by the taxation data centre in Ottawa relate to all provinces and district office collection figures therefore do not indicate correctly the amount collected in each province. The following table, based on an analysis of tax returns, shows the total tax payable by individuals in respect of the 1965 taxation year distributed by the province of residence:

Province	Total Tax Payable $ million	Average per Capita $
Newfoundland	30.4	62.30
P.E.I.	5.8	53.21
Nova Scotia	66.1	87.43
New Brunswick	47.5	77.24
(x) Quebec	475.7	83.68
Ontario	1,425.0	209.93
Manitoba	129.2	133.89
Saskatchewan	115.3	121.37
Alberta	205.0	141.38
British Columbia	361.3	201.06

(x) Excludes taxes payable directly to the province.

2. Corporate income tax payments to the federal government in total for the fiscal year 1965-66 were $1,891.1 million. The total includes old age security tax and provincial

income tax collected by the federal government. Collection figures by provinces, based on the location of the district office in which the revenue was collected, are shown in the following table:

CORPORATIONS

Province	Total Tax Collected $ million	Average per Capita $
Newfoundland	18.6	38.11
P.E.I.	2.8	25.69
Nova Scotia	18.2	24.07
New Brunswick	12.9	20.98
(x) Quebec	596.7	104.96
(x) Ontario	864.3	127.33
Manitoba	81.9	84.87
Saskatchewan	16.4	17.26
Alberta	84.4	58.21
British Columbia	194.5	108.24

(x) excludes corporation taxes collected directly by the province.

3. Estate tax payments to the federal government in total for the fiscal year 1965-66 were $108.4 million. Distribution of this total in accordance with the province in which the district office is located are set out below:

ESTATES

Province	Total Tax Collected $ million
Newfoundland	1.1
P.E.I.	.4
Nova Scotia	12.1
New Brunswick	2.0
(x) Quebec	21.1
(x) Ontario	52.6
Manitoba	4.8
Saskatchewan	3.2
Alberta	6.6
(x) British Columbia	4.5

(x) Succession duties are collected by these provinces.

EXPANSION OF TORONTO AND MONTREAL AIRPORTS

Question No. 1,115—**Mr. Caouette:**

1. What are the government's plans regarding the expansion of Dorval Airport?

2. In the last three years, what sum was expended on (a) Toronto Airport (b) Montreal Airport?

3. During the next three years, what sum does the government intend to spend on (a) Toronto Airport (b) Montreal Airport?

[Mr. Chrétien.]

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Major studies are underway by consultants and by the department in respect of future expansion of Montreal international airport. These studies are designed to consider both immediate and the long term needs for airport facilities relative to the current foreseeable demands of the aviation industry. At this time this examination is not sufficiently complete to permit a definitive statement of the department's plans. It is however expected that by early summer the studies will have been completed and firm plans evolved regarding the future development of the airport.

2. Capital expenditures at Montreal and Toronto international airports (1965/66 and 1966/67 actual; 1967/68 estimated). Montreal international airport, $12,322,338.00; Toronto international airport, $5,226,930.00.

3. Forecast of possible and foreseeable capital expenditures at Montreal and Toronto international airports for the next three years: 1968/69, 1969/70, 1970/71. Montreal international airport, $37,483,000.00; Toronto international airport, $35,372,000.00.

*RECIPIENTS OF CENTENNIAL MEDALS

Question No. 1,129—**Mr. Diefenbaker:**

Will the Prime Minister table in the House the full list of the names and addresses of recipients (other than the Armed Forces) of the Centennial Medal?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the answer to this question is as follows:

By long established practice the list of recipients of commemorative medals is not published. This, however, is not the difficulty in this case. In the case of the centennial medal the awards were made to persons nominated by federal, provincial and municipal authorities, as well as by many national organizations in the fields of welfare, education, defence, science, the arts, labour, sports, business and industry. These agencies and organizations made their recommendations on the understanding that their list would remain confidential as regards their source.

Moreover, the awards have not yet been completed as one province and certain municipalities have not sent in their full list. If these are not received shortly, the government intends to consider the list as completed. It can then be made public, though without any indication of the source of the recommendation.

*IMMIGRATION IN 1966 AND 1967

Question No. 1,136—**Mr. Woolliams:**

1. How many immigrants were permitted to enter Canada (a) in 1966 (b) in 1967?

2. From what countries did the majority of immigrants come?

3. What particular skills did the majority of immigrants have to qualify for entry?

4. How many people were deported from Canada (a) in 1966 (b) in 1967?

5. (a) How many immigrants are now incarcerated in Canada while awaiting disposition by way of an inquiry or appeal as to their right to remain in Canada (b) of those mentioned, how many have been refused bail while awaiting a hearing or appeal?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, the answer to this question is as follows: 1. (a) 192,804. (b) 209,840.

2. Great Britain, Italy, the United States, West Germany.

3. Managerial, professional, technical, clerical, service, manufacturing and construction.

4. (a) 1754. (b) 2172.

5. (a) 2. (b) 1.

COMMENCEMENT OF SERVICE OF FERRY "JOHN HAMILTON GRAY"

Question No. 1,137—**Mr. Macquarrie:**

1. When is it expected that the car ferry, *John Hamilton Gray*, will go into service between Borden and Cape Tormentine?

2. What was the original expected date?

3. What factors have caused the delay in completing construction of this ship?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. October, 1968.

2. Fall of 1967.

3. Design, engineering and production problems within the plant of the main propulsion supplier.

[*Translation*]

MOTION FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notice of motion for the production of papers No. 57 is acceptable to the government, subject to the usual reservations concerning privileged papers and the consent of the relevant government authorities.

Mr. Speaker, I ask that the remaining notices of motions be allowed to stand.

Inquiries of the Ministry

[*English*]

HARBOUR DEVELOPMENT, ROBERTS BANK, B.C.

Motion No. 57—**Mr. Douglas:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence exchanged between the Government of Canada and the Government of British Columbia on the subject-matter of the harbour development at Roberts Bank.

Motion agreed to.

FINANCE

PURCHASE OF BOND ISSUE BY BANK OF CANADA

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Finance with regard to the $175 million bond issue of April 1 about which a question was asked by the Leader of the Opposition the other day. Is the Bank of Canada taking $85 million of the issue immediately and, if so, what is the further $100 million in five year bonds which the bank will purchase later? Can the minister state what interest rate is being offered?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I do not have that information with me today. I will take the question as notice.

Mr. Aiken: Mr. Speaker, may I ask a supplementary question. Is the government lending $55 million to the C.N.R. to redeem an issue due on May 15 and, if so, what is the interest rate involved?

Mr. Sharp: Mr. Speaker, I will also take this question as notice.

[*Translation*]

INCREASE IN INTEREST RATES ON GOVERNMENT BONDS

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I should like to put a question to the Minister of Finance.

In the last few days, the Minister of Finance announced an increase in the interest rate of a few million dollars in government bonds, to convert matured bonds which the government is unable to refund at maturity. This rise in the interest rate varies between 2 and 2½ per cent and I would like to know whether this increase is included in the blue book containing the estimates for 1968.

Inquiries of the Ministry

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Of course, Mr. Speaker, there is no substance to the hon. gentleman's statement that interest rates have recently risen by 2.5 per cent. The interest rates that have been fixed on the bonds recently offered by the government are at the market.

[*Translation*]

[*Later:*]

Mr. Latulippe: Mr. Speaker, I wish to direct another question to the Minister of Finance.

Following the ½ of 1 per cent increase in the bank rate by the Bank of Canada during the weekend, this morning's *Le Devoir* reports that several trust companies, among whom the General Trust of Canada, have also raised their interest rates. Can the minister tell us whether the government or parliament has jurisdiction over the Bank of Canada—

Mr. Speaker: Order.

Mr. Latulippe: —and whether means could possibly be found to stop this reckless escalation—

Mr. Speaker: Order. The hon. member is now asking for an interpretation of the legislation and, for this reason, I think the question is out of order.

[*English*]

ACTION TO CURTAIL INCREASES IN INTEREST RATES

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Prime Minister. Some weeks ago the Prime Minister indicated in answer to a question of mine that the cabinet was studying the effects of rising interest rates. Has the government reached any conclusion on what steps should be taken to correct the social and economic disabilities that have resulted from high interest rates?

Mr. Speaker: The hon. member is asking a question so wide in scope that I suggest to him such a statement should normally be made on motions.

Mr. Nasserden: Several weeks ago I brought this question to the attention of the Prime Minister. He indicated the matter was under study by the cabinet, so perhaps he would like to give us an interim report on the decisions they have reached.

[Mr. Latulippe.]

THE CANADIAN ECONOMY

INQUIRY AS TO STATEMENT ON PRICES REVIEW BOARD

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister with respect to the setting up of the review board which he mentioned a week or ten days ago. Can the Prime Minister give us any idea when this board will be set up, whether the terms of reference have yet been drafted, and whether he is able to table his letter to the premiers with respect to this board?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have no objection to tabling the letter. A a matter of fact—and I will have to check this—we have already been in contact with the provinces to see whether there is agreement to table the correspondence between us. Immediately after my statement senior officials visited the provinces. They have already visited Ontario, Quebec and two other provinces and discussed with provincial officials the terms of reference for such a board and other matters related to it. I expect to have a report from them at the beginning of next week. This will enable us to go ahead with the drafting of the terms of reference.

Mr. Douglas: I have a supplementary question, Mr. Speaker. Can the Prime Minister state a tentative date when he hopes this review board will be established? Is he hoping to do it while he is still in office or is this matter to be carried on by his successor?

Mr. Pearson: I would hope there might be at least considerable progress and perhaps some finality reached between now and April 25.

Mr. G. W. Baldwin (Peace River): I have a supplementary question, Mr. Speaker. Could the Prime Minister indicate whether the house will have a chance to discuss the matter, having in mind that the board will be set up under the Inquiries Act and it will not be necessary, as he indicated, to secure parliamentary approval?

Mr. Pearson: I would hope it would be possible. I see no reason why it should not be possible for an appropriate parliamentary committee to discuss the matter after the recess.

HARBOURS

BRITISH COLUMBIA—DEVELOPMENT OF PORT AT ROBERTS BANK

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct my question to the Minister of Transport. Has he yet reached an agreement with the government of British Columbia on the joint development of a super port at Roberts Bank?

Hon. Paul Hellyer (Minister of Transport): We are continuing to exchange letters, Mr. Speaker, and to keep the lines of communication open. In the meantime, plans for the port development are continuing so that there will be no hold-up and so we will be able to have it open on the required date.

UNITED NATIONS

RHODESIA—CANADIAN POSITION IN SECURITY COUNCIL DISCUSSION

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I wish to direct my question to the Secretary of State for External Affairs. In view of the appeal made at the United Nations yesterday in the speech by Lord Caradon, chief British delegate, for a review of possibilities for international action directed at crushing the Smith government in Rhodesia, can the minister state Canada's position with regard to methods to be used against the Rhodesian government? Is Canada going along with suggestions that Rhodesia be placed in international Coventry through suspension of mails and total rupture of economic and diplomatic relations, which will be detrimental to the Africans as well as the whites, or is the Canadian stand that present measures are as far as Canada is prepared to go?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, Canada welcomes the statement made by the British ambassador, Lord Caradon. Canada has, all along, supported the British government, as indeed all commonwealth governments have, in opposing the unilateral declaration of independence by the government of Mr. Smith. As I said yesterday, the Security Council has begun again to consider the Rhodesian question in the light of the executions carried out recently by the Smith regime. Our representative is scheduled to take part in the discussion this afternoon in the Security Council. He will state the Canadian view of the situation and make clear our dismay at the deplorable conduct of the Rhodesian regime. In regard to sanctions he will also be suggesting that the council consider extending the existing selective mandatory sanctions to encompass the whole of Rhodesia's external trade, as we ourselves have done. This move should bring further pressure to bear on the Smith regime.

Mr. McIntosh: May I ask a supplementary question. Has Canada expressed agreement with Britain's stand against the use of force in dealing with the Rhodesian government?

Mr. Martin (Essex East): Our view with regard to the use of force has been well stated. What I have just indicated is that we strongly support economic sanctions and believe the time has come when they might be strengthened.

NATIONAL DEFENCE

REQUEST FOR COMMITTEE CONSIDERATION OF DEFENCE MATTERS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct my question to the Minister of National Defence. Will he give consideration to reporting to the defence committee of the House of Commons and seeking its opinion on the purchase of new planes, the construction of additional destroyers, and any new relationship with NATO and NORAD prior to their presentation as a *fait accompli* to the house or the defence committee?

Hon. Léo Cadieux (Minister of National Defence): This is such a broad question, Mr. Speaker, that I ask the privilege of studying it very carefully.

TRADE

WHEAT—INQUIRY AS TO IMPLEMENTATION OF INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, my question is directed to the Minister of Trade and Commerce. In view of a statement by an official of his department on March 18, as reported in yesterday's *Globe and Mail,* that there are a number of problems associated with the commencement of the new international world wheat agreement on July 1, 1968, can the minister advise the house what steps, if any, are being taken to seek the co-operation of Russia and other

communist bloc countries who are not signatories to the international world wheat agreement in order that the new agreement may become effective?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, officials of the wheat board have visited Russia, as well as participating countries, and there are no grounds for the pessimism reportedly expressed in the article.

Mr. Southam: A supplementary or related question, Mr. Speaker. Can the minister say what progress is being made toward setting up an international wheat council in London to take the place of the council that lapsed with the last international agreement?

Mr. Winters: There was a discussion last week. I understand they got along well and everything is moving in the direction of implementation. One cannot take it for a certainty because there are so many nations involved, but the proceedings are going well.

DURUM WHEAT—PROSPECTS FOR EXPORT SALES

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): Mr. Speaker, I have a question for the Minister of Trade and Commerce. Can the minister inform the house what the present situation is regarding quota regulations on Durum wheat and the sales prospects for the rest of this year?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I anticipated this question and I am prepared for it. Sales of Durum wheat have been relatively good. For several weeks now the delivery quota on Durum wheat has been open and sales have been made as this type of wheat arrives at terminal positions. The wheat board informs us there will be relatively little left on farms at the end of the crop year. The market for Durum wheat next year, like this year, will be around 20 to 25 million bushels.

CROWN ASSETS

METHOD OF DISPOSAL OF SURPLUS GOVERNMENT MATERIAL

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, my question is directed to the Prime Minister. Has any one minister been given special authority for the disposal of surplus government material or does the minister of each department necessarily have to dispose of surplus assets through Crown Assets Disposal Corporation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think the minister concerned dealt with that last night. There is a recognized procedure in connection with this matter under the responsibility of a minister.

Mr. MacInnis (Cape Breton South): I have a supplementary question. Will the Prime Minister outline for the benefit of members the procedure that one minister has to follow and which is directed to other ministers?

Mr. Speaker: Order, I doubt that this question is in order.

Mr. MacInnis (Cape Breton South): I rise on a point of order, Mr. Speaker. The answer given by the Prime Minister is definitely not in order if the question is out of order.

Mr. Speaker: I am afraid I cannot rule on that point.

[*Later:*]

Mr. MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Prime Minister. Can surplus assets within the Department of Defence Production be sold directly by the minister or his department?

Mr. Pearson: The minister is in his seat, Mr. Speaker, and perhaps my hon. friend would direct his question to him.

Mr. MacInnis (Cape Breton South): Mr. Speaker, quite often you have decided that when we wish to ask questions of policy we should direct them to the Prime Minister. We have often received that advice. Surely the Prime Minister knows what the law is. I asked him a simple yes or no question.

Mr. Speaker: Order, please.

Mr. MacInnis (Cape Breton South): On a point of order, I directed this question to the Prime Minister's attention because I cannot get an honest answer from the Minister of Defence Production.

Some hon. Members: Oh, oh.

FINANCE

GOLD—INQUIRY AS TO SALES PROCEDURE

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Finance and I have given him notice of it. It arises from an answer he gave to the hon. member for Burnaby-Coquitlam on Monday last which appears at page 7725 of *Hansard*. In answer to a question whether Canada would be selling gold to the United States the minister said in part:

> If we come to the conclusion that our gold reserves are more than adequate as a proportion of our total reserves, we might feel we should sell some in order to increase our earnings and thereby reduce the taxes we have to raise.

My question is: Under the terms of the agreement reached in Washington last week, would the minister tell us if it is possible for the government to transfer monetary gold—he referred to reserves—in any other way except by settlement of balance of payments? That is to say, can it actually be sold from our reserves and is the United States still going to buy gold or is it merely going to be transferred as part of the process of settling international payments?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, so far as I know there is nothing in the agreement reached in Washington last week which prevents the transfer of gold between central banks or between our exchange fund and the United States. The limitations are, first, upon the sale of gold out of reserves into the private market and, conversely, a restriction on the purchase of gold by monetary authorities from the market.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I have a supplementary question again arising out of the answer the minister gave last Monday. This part refers to the purchase of gold from Canadian producers by the government. The minister had this to say:

> The position at the present time under the Emergency Gold Mining Assistance Act—

Mr. Speaker: Order, please. The hon. member should ask the question directly.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Very well. The minister has suggested that the provisions of the gold mining assistance act—excuse me, I simply have to lay the ground for the question; it is not one you can just spit out in two or three words. The minister has said he considers the situation is not changed and that the Canadian mint will purchase gold from Canadian producers. The question I want to ask is, on what terms will it be purchasing the gold, how will the price be set, and what will the Canadian mint do with it when it has purchased gold from Canadian producers?

Mr. Sharp: Mr. Speaker, the gold that is being purchased by the mint is being held in its own vaults until we reach a decision as to the best means of dealing with it. As the hon. gentleman knows, it is part of the agreement among the central banks that the monetary authorities will not add to their reserves by buying gold. We are not yet sure what policy to follow with respect to the gold acquired, so we are keeping it in the vaults pending final decision.

[*Later:*]

Mr. M. W. Martin (Timmins): Mr. Speaker, my question for the Minister of Finance is related to that asked by the hon. member for Nanaimo-Cowichan-The Islands. This matter is of particular importance to my area. Could the minister clarify whether the government is going to continue to buy gold from Canadian producers and, if so, at what price?

Mr. Sharp: Mr. Speaker, under the Emergency Gold Mining Assistance Act gold can be purchased by the mint at $35 an ounce. The agreement that we have with the central banks is that our exchange fund will not buy any gold from the market. That is why I said in reply to an earlier question that the gold being purchased by the mint is being held in its vaults pending a decision as to the proper way of disposing of it.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Do I take it that the gold producers are free to sell gold on the open market at the same time if they so desire but that they will have to forgo the subsidy if they do?

Mr. Sharp: Yes, Mr. Speaker. The gold mines have the alternative of selling on the open market. If they do that, then of course they do not receive the subsidy. If they sell their gold to the mint they do receive the subsidy.

Inquiries of the Ministry

UNITED NATIONS

VIET NAM—SUGGESTED ACTION FOR PROTECTION OF CHILDREN

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. On March 11 I asked the minister whether, in view of the serious situation of the children of Viet Nam and their plight as a result of the war, the United Nations or some agency of that body was giving consideration to evacuating these children from the war area. In reply the minister stated that he would make an examination to see whether this is being considered. Has the minister made this examination and is he able to advise me on this matter?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have been in touch with officials of the United Nations through the United Nations specialized agencies which have undertaken specific projects in Viet Nam. However, the sort of extensive evacuation program referred to in my hon. friend's question is not now under consideration by the United Nations. Practical possibilities do exist, however, for helping the victims of the recent upsurge in hostilities. The Canadian government has considered favourably an appeal for assistance from the government of the republic of Viet Nam and we will supply aid to the extent of some $200,000, including food, refugee supplies and the sponsorship of medical volunteers.

NORTHERN AFFAIRS

REDUCTION IN BUDGET FOR NORTHERN HEALTH SERVICES

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. During the adjournment debate on March 14 the minister, speaking about health services for the Indian people, said, as recorded on page 7662 of *Hansard*:

> —we have been able to maintain at least the same level of expenditures for northern health services and Indian health services as was established last year.

May I ask the minister how he can reconcile that statement with the directive that has been issued by his department to all chiefs and councillors of Manitoba Indian bands, which leads off by saying that the federal government has been forced to reduce its program—

[Mr. Sharp.]

Mr. Speaker: Order. The hon. member's question is certainly argumentative. He is asking the minister to reconcile a statement made to the house with the statement to which the hon. member refers, which is argument.

Mr. Simpson: Then, Mr. Speaker, may I rephrase my question and ask the minister when he will be able to make a statement to the house to clear up the situation that now exists regarding reduced health services for the Indian people in northern Canada.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I hope to be able to make the statement before adjournment, preferably, if I am permitted, when my estimates are reached.

Mr. Ed. Schreyer (Springfield): A supplementary question, Mr. Speaker. Will the government reconsider its policy of halting any increase in expenditures on northern health services in view of the fact that the mortality rate among Indians and Eskimos in Canada is among the highest of any country in the world?

Mr. Speaker: Order. I am sure the hon. member is restating a question that has been asked in precisely the same terms.

AGRICULTURE

INQUIRY AS TO ASSISTANCE TO GREENHOUSE INDUSTRY

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): Mr. Speaker, I had hoped to direct my question to the Minister of Trade and Commerce but in his absence perhaps I can direct it to the Minister of Agriculture. In view of the prime importance of the representations that have been made to the government on behalf of the greenhouse industry, can the minister indicate whether the government has yet formulated any policy?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I do not think that there has been any final resolution of the presentation that was made by the greenhouse industry. The representations are being studied by my department as well as by the Department of Trade and Commerce and the Tariff Board. Any government action that is taken as a result of these representations will be taken in the normal fashion.

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the Prime Minister whether he received this week further representations from the Public Service Alliance of Canada urging him to take action before his retirement to increase the pensions of retired civil servants? Will the Prime Minister crown his career by acceding to this request as well as to the unanimous report of the special joint committee on the public service?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am grateful to the hon. member for his anxiety to have me crown my career. I have received such a letter. I have not yet dealt with it, at least in the way indicated by my hon. friend.

Mr. Stanley Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Can the Prime Minister indicate whether he will deal with this matter before the date of his retirement, and is April 25 a significant date since he mentioned it a little while ago?

Mr. Pearson: Mr. Speaker, my hon. friend's statement on this matter a little earlier indicates that by dealing with it he means dealing with it to his satisfaction, which is not quite the same thing. We will certainly give the matter consideration and do what we think is right in the circumstances.

HEALTH AND WELFARE

HOSPITAL AND MEDICAL SERVICES PAYMENTS TO PROVINCES NOT UNDER MEDICARE

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. It is very similar to the one I asked him last Monday which he took as notice. Will the minister indicate whether the federal government will be discontinuing payments for hospital and medical services to Indians in those provinces that have not come into the medicare plan by July 1?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, it is to be expected that if the medical care plan is universally applied to the provinces that will be the source of medical care services.

[*Translation*]

LABOUR RELATIONS

MONTREAL—INQUIRY AS TO MEETING OF CONCILIATION BOARD

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I wish to put a question to the hon. Minister of Labour.

In view of the urgency and the importance of the matter, I should like the Minister of Labour or his colleague, the Member of the Administration responsible for studying the conflict between the shippers and the dockers in Montreal harbour, to tell us how far negotiations have progressed and when we can expect normal activities to be resumed in the largest port in Canada?

[*English*]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, as I reported in the house a few days ago, the conciliation board chaired by Associate Chief Judge Gold has been working assiduously. Hearings opened last Friday and the parties have been at it more or less continuously this week. I get periodic reports, including one received today from the Minister without Portfolio who, at my request, has been taking a special interest in this matter. Encouraging progress is being made. That is about all I can say at this time.

[*Translation*]

Mr. Valade: Mr. Speaker, I wish to put a supplementary question.

In view of the fact that this session will soon be adjourned, can the minister tell us whether normal activities in the harbour can be expected before resumption of the session, at the end of April?

[*English*]

Mr. Nicholson: There is no reason why not, if the good will that we hope will be shown by both parties is exhibited before the conciliation board.

IMMIGRATION

REPORTED POSSIBLE INFLUX OF CHINESE AND INDIANS

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. Can the minister say whether there are any grounds for reports that because of administrative changes under way in the department

there will be a big influx very soon of Chinese and Indian immigrants to Canada? If so, will such immigrants be relatively skilled and will they be directed to those areas of Canada that have a manpower shortage?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I have no indication that the information given to the house is correct. I will inquire and, if it is true, I shall give details.

[*English*]

LABOUR CONDITIONS

WAGE INCREASES FOR SEASONAL LABOUR FROM WEST INDIES

On the orders of the day:

Mr. J. E. Madill (Dufferin-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance and I ask him to note it in any event. Does the minister think that the 11.5 per cent to 16 per cent wage increase for West Indies seasonal labour falls within the acceptable percentage for wage increases under his wage restraint proposals?

Mr. Speaker: Order, please. That question is argumentative.

RESEARCH

PROPOSED INTERNATIONAL DEVELOPMENT CENTRE

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Prime Minister. Since the Prime Minister has received a report from Professor Plumptre about the feasibility of an international development centre in Canada, I would ask him whether tangible steps have been taken since that report was received.

Right Hon. L. B. Pearson (Prime Minister): No, not yet, Mr. Speaker, but progress has been good. I know my hon. friend is particularly interested in this matter and perhaps I would be able to have a word with him and send him a progress report on it.

AIR TRANSPORT

OBJECTIONS TO REPORTS ON RECENT PLANE CRASHES

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, my question is for the Minister of Transport. Has the minister or his department received a protest from the Canadian Airline Pilots Association about the report on the crash at Uplands airport a while ago? Will the minister arrange to dispose of this matter since this is the third time in recent days that the pilots' association has objected to departmental crash reports?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I shall take note of my hon. friend's question.

HUMAN RIGHTS

REPORTED DISCRIMINATION IN EMPLOYMENT CONTRACT IN NORTH

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. On Monday, March 11, the hon. member for Skeena and the right hon. member for Prince Albert asked the Prime Minister questions about reported discrimination in an employment contract in Canada's north. I refer to the case of Terence Whitfield. The Prime Minister said he would like to study this matter before making a statement. It was our understanding that he would make a statement to the house. Is he now in a position to make that statement?

Right Hon. L. B. Pearson (Prime Minister): I have received a long report on the matter, Mr. Speaker, which corrects some of the misunderstandings and distortions arising from published reports. The report is too long for it to be useful in answering this question. I have asked the Minister of Justice to boil it down. Perhaps he will have it ready tomorrow.

COMMITTEES OF THE HOUSE

CHANGES IN PERSONNEL OF STANDING COMMITTEES

The house resumed, from Tuesday, March 19, consideration of the motion of Mr. Pilon:

That the name of Mr. Stafford be substituted for the name of Mr. Cowan on the standing committee on broadcasting, films and assistance to the arts;

That the name of Mr. Ryan be substituted for the name of Mr. Cowan on the standing committee on health and welfare;

That the name of Mr. Groos be substituted for the name of Mr. Cowan on the standing committee on veterans affairs;

That the name of Mr. Noël be substituted for the name of Mr. Cowan on the joint committee on printing;

That the name of Mr. Caron be substituted for the name of Mr. Cowan on the joint committee on the parliamentary restaurant;

That the name of Mr. Patterson be substituted for the name of Mr. Leboe on the standing committee on labour and employment; and

That the name of Mr. Addison be substituted for the name of Mr. Goyer on the standing committee on transport and communications.

Some hon. Members: Question.

Mr. Speaker: Is it the wish of the house to adopt the said motion?

An hon. Member: No.

Mr. Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those against will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Pilon) which was agreed to on the following division:

• (4:30 p.m.)

Division

YEAS

Messrs:

Allmand
Andras
Asselin (Richmond-Wolfe)
Badanai
Baldwin
Basford
Béchard
Beer
Bell (Carleton)
Bell (Saint John-Albert)
Berger
Blouin
Boulanger
Cadieux (Terrebonne)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Cantin
Caron
Cashin
Chatterton
Chatwood
Choquette
Coté (Longueuil)
Coté (Nicolet-Yamaska)
Cowan
Crossman
Danforth
Davis
Deachman
Douglas
Drury
Dubé
Duquet
Enns
Ethier
Fairweather
Fane
Faulkner
Fawcett
Flemming
Forest
Foy
Gilbert
Goyer
Granger
Greene
Groos
Habel
Haidasz
Harley
Hellyer
Herridge
Honey
Hopkins
Hymmen
Isabelle
Jamieson
Keays
Knowles
Korchinski
Lachance
Laniel
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Lind
Loiselle
Loney
Macaluso
MacDonald (Prince)
Macdonald (Rosedale)
MacEachen
MacEwan
MacInnis (Mrs.)
MacLean (Queens)
MacRae
McCleave
McIlraith
McIntosh
McKinley
McLean (Charlotte)
McLelland
McNulty
Marchand
Martin (Essex East)
Mather
Matheson
Matte
Muir (Cape Breton North and Victoria)
Munro
Neveu
Nicholson
Noël
Nowlan
O'Keefe
Orange
Orlikow
Ouellet
Pelletier
Pennell
Pepin
Pilon
Prittie
Racine
Rapp
Reid
Richard
Rideout (Mrs.)
Rochon
Rock
Roxburgh
Ryan
Saltsman
Sauvé
Schreyer
Scott (Victoria (Ont.))
Sharp
Sherman
Smith
Stafford
Stanbury
Starr
Stefanson
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay
Trudeau
Turner
Wadds (Mrs.)
Wahn
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Winch
Yanakis—140.

NAYS

Messrs:

Alkenbrack
Barnett
Bower
Brand
Cadieu (Meadow Lake)
Caston
Code
Forrestall
Germa
Grégoire
Grills
Horner (The Battlefords)
Howe (Hamilton South)
Jorgenson
MacInnis (Cape Breton South)
McQuaid
Madill
Martin (Timmins)
Moore
Nasserden
Nugent
Pascoe
Peters
Simard
Simpson
Southam
Thomas (Middlesex West)
Watson (Assiniboia)
Webb—29.

• (5:00 p.m.)

Mr. Speaker: I declare the motion carried.

Mr. Walker: Mr. Speaker, I was paired with the hon. member for Red Deer (Mr. Thompson). Had I voted, I would have voted either for or against.

Some hon. Members: Oh, oh.

Mr. Rynard: Mr. Speaker, I was paired with the hon. member for Brantford (Mr. Brown). Had I voted, I would have voted for the motion.

Mr. Muir (Lisgar): Mr. Speaker, for the record, I was present but abstained on what I consider to be a purely internal problem of the government.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Valade: Mr. Speaker, I abstained from voting as a protest against this waste of time and this abuse of parliament.

[*English*]

Mr. Mackasey: Mr. Speaker, I was paired with the hon. member for Calgary South (Mr. Ballard). Had I voted, I would have voted for the motion.

Mr. Speaker: Order, please. May I take this opportunity to suggest to hon. members that I do not believe it is in accordance with the practice of the house for hon. members to make statements explaining why they voted or did not vote or why they were paired.

Mr. MacInnis (Cape Breton South): Mr. Speaker, on the point of order, does the same thing apply to the minister—

Mr. Speaker: Order, please. The same thing applies to all members.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: Order. House again in committee of supply. When the committee rose on Tuesday, March 19, item 6c of the Department of Defence Production was under consideration.

DEPARTMENT OF DEFENCE PRODUCTION

6c. Reimbursement of the Defence Production Revolving Fund established by section 16(1) of the Defence Production Act for losses sustained in the operation of the crown-owned magnesium foundry at Haley, Ontario, prior to its sale in December, 1967, $480,000.

Some hon. Members: Carried.

Mr. McIntosh: No, Mr. Chairman.

Mr. Nasserden: Mr. Chairman, may we have a statement from the minister? I believe he has some information for us.

[Mr. Walker.]

Mr. Drury: Mr. Chairman, yesterday the hon. member for Rosthern asked who were the auditors of Haley Industries. There have been three firms: In the period 1951 to 1962, Thorne, Mulholland, Howson and McPherson; 1963, Clarkson, Gordon; and 1964 to 1967, Tighe Pearson. The Auditor General has not been appointed the official auditor of this company. Use was made of the auditors who were associated with the companies which had the management contracts.

The question was asked as to how many employees there were at Haley Industries. The current level of employment there is 184, I am informed, 34 of whom have been added since Bartaco took over early in the new year. Most of the employees reside in the constituencies of Renfrew North and Renfrew South. I am told that the length of service is as follows: 30 per cent of the employees have in excess of seven years service and the balance, some 70 per cent, have less than seven years service.

The special skills required in connection with this operation are those of metallurgists, radiographers, pattern-makers, core-makers and machinists. Even in respect of those who are not what one might call professionally trained, for the semi-skilled workers special training is needed.

The original facility in 1951 cost as follows: for land, $1; for buildings and services including water and electricity, $1,818,000; equipment, $894,000. In respect of the condition of the plant prior to the solution which has been proposed, namely the transfer to Bartaco Industries, we engaged consultants to report on the possibilities of keeping the plant in operation by various options. I am informed that the consultants reported that substantial new investment would be required if the plant were to continue profitably in the operation of the business in which it was engaged, that of producing magnesium and high quality aluminium castings. The foundry, and it is basically a foundry operation, had deteriorated over the course of the years, as one would expect, and further investment would be needed. In the view of the consultants this investment was required and would either have to be made by the crown or by a successor taking over the operation.

• (5:10 p.m.)

The report also pointed out the need for a strong management group to run the operation. I am told that the facility currently

requires roof repairs, a waste disposal system, general renovations, processing rearrangements, and improved ventilation systems. Of course these are the responsibility of the new operator, Bartaco.

A question was also asked on the details of profits and losses during the firm's operation. I have the figures here. In 1952 there was a profit of $210,000; in 1953, $383,000; in 1954, $113,000; in 1955, $60,000; in 1956 $61,000; in 1957 $41,000. Subsequently there was losses: In 1958, $161,000; in 1959, $172,000; in 1960, $147,000; in 1961, a profit of $70,000; in 1962, a nine months period, a loss of $102,000; in 1963, under Fleet management, a profit of $55,000, followed in 1964 by a loss of $136,000; in 1965, a loss of $57,000; in 1966, a profit of $93,000; in 1967, a loss of $315,000; and in 1967, from September, the end of the company's fiscal year, until December 5, a further loss of $87,000.

The hon. member also asked for the names of the directors and the shareholders. The following are the directors: Robert Mathew Barr, president, J. S. Gairdner, vice president, John Howard Hawke, Samuel F. Ross, secretary, William A. Barr, Clarence W. Leonardi, and John Charles Sawchuk. The shareholders are: R. M. Barr, operating through Barchild Investments of Orillia, and J. S. Gairdner, operating through Glengair Investment of Toronto, who together own 82 per cent of the common stock, and there are also some 300 miscellaneous shareholders holding 18 per cent of the common stock. I am told that most of these 300 miscellaneous shareholders are Canadians.

In respect of the obligations of Bartaco, they have undertaken to continue this facility in operation for a minimum period of two years.

A question was asked as to when a sale to a United States firm was first known to the department and whether the department has ever obtained an assurance to maintain Canadian ownership. There has been no sale to a United States firm, although I am told that an offer was made by a firm in Philadelphia to purchase 52 per cent of the stock of this enterprise. The offer was made in February. I must say I do not know how long it will be valid and whether it will be accepted. No undertaking was given by the purchaser that it would remain under exclusively Canadian ownership.

The hon. member asked whether balance sheets were available. The answer is yes, a balance sheet is now in the process of being audited by the audit service branch of the Department of Finance.

Mr. Nasserden: Mr. Chairman, we thank the minister for the information he has given us. Can he tell us whether the figures regarding the plant, the building and the equipment, etc., related to the time of the sale? My question was related to the value of the asset at the time of the sale, not at the time it was first constructed.

Mr. Drury: As the hon. gentleman, who I understand is a member of the public accounts committee, will know, the valuation of the land would probably be obtainable on some form of appraisal. The cost of the land was $1. This is rural land in Renfrew county, and without in any way wishing to run down Renfrew county may I say that it is not of very substantial value per acre. Under a system of accounting which governments of Canada have pursued for a long time, the buildings are carried in their books, not at a depreciated, current or market value, but merely at the original cost figure. This is the only figure we have for this building which, since the inception of the operation, has continued to be owned by the government.

Mr. Nasserden: Was there any inventory of raw materials or stock on hand at the time of sale?

Mr. Drury: An audited balanced sheet was made up at the end of the company's fiscal year. A *pro forma* balance sheet was drawn up as of the date of sale, and this is the one which is currently being audited by the audit service branch of the Department of Finance. I do not think it should be released before it has been audited. But the figure in the balance sheet dated September 29 shows an inventory of raw materials of $116,000; work in process, castings, $120,000; castings finished but undelivered, $63,798; and work in process in respect of patterns, $103,000.

Mr. Nasserden: Were there any accounts receivable?

Mr. Drury: Yes, Mr. Chairman. In September there were accounts receivable in the amount of $261,979.15, without any reserve for bad debts in the balance sheet.

Mr. McIntosh: Mr. Chairman, I should like to direct the minister's attention to some remarks he made in the house last night. Near the bottom of page 7831 of *Hansard* in

the left hand corner he made the following statement:

> This is not the general procedure, but rather an exceptional procedure.

The minister was dealing with the disposal of public assets in this manner. He continued:

> The reason what appears to be an exceptional procedure was used in this case is, as I explained earlier, that we were not disposing of assets from which the taxpayer could expect to recover some proceeds, but rather we were disposing of a liability.

Later he quoted his authority for disposing of it. Section 5(e) to which the minister referred last night reads:

• (5:20 p.m.)

> (e) authorize a government department to dispose of surplus crown assets in such manner, upon such terms and subject to such conditions as he may consider desirable;

The marginal note reads:

> Authority to department to dipose of assets.

This section gives the department the authority to dispose of assets, but if this is a liability where does the minister get his authority to dispose of a liability? This section only gives him authority to dispose of assets. Despite what the minister says, if this is the authority he is using then he must be disposing of an asset for the sum of one dollar. The minister said also that this procedure had only been used in exceptional cases. Would the minister mind telling the committee how many times he has used this authority to dispose of public assets?

Mr. Drury: Fortunately we have not encountered this kind of situation where a crown corporation has been in a consistently losing position and arrangements have had to be made to try to ensure its continued operation under the best circumstances possible. There have been other crown corporations which have not been consistently profitable but have been dealt with. In one instance there was a large ammunition producing facility at Val Cartier operated by Canadian Arsenals Limited. There was a sale made of this operation. It was somewhat similar in that it was a crown owned operation that was sold. However, in the case of the Val Cartier operation it was not a liability but represented a net asset to the crown.

Mr. McIntosh: Mr. Chairman, I thank the minister for that answer. I should like to ask him if section 8 of the Surplus Crown Assets Act has been drawn to his attention? This section reads:

> The minister may authorize the corporation to exercise or perform any or all of the functions, powers or duties of the minister under section 5.

Last night I asked the minister why he had not turned this plant over to Crown Assets, as directed by this act. The case to which I referred the minister concerned armouries under the Department of National Defence, and he thought they should be turned over to Crown Assets. In this case he did not do that because he said the plant was a liability. We have proven it was not a liability but an asset.

I should like to refer the minister to subsection 4 of section 13 of the same act. It reads:

> The accounts of the corporation shall be audited by the Auditor General of Canada and the audited statements of such accounts shall be included in the corporation's annual report.

Was the fact the accounts of the corporation were being audited by the Auditor General one of the reasons the minister did not handle the transaction in this way? I should like to ask the minister also, where are the credits shown? Where are the profits to which the minister referred during the period 1952-1958 and which I think amounted to over $2 million?

Mr. Drury: Mr. Chairman, the fact that the accounts of Crown Assets Disposal Corporation are audited by the Auditor General whereas Haley Industries accounts were audited by an outside auditor had nothing whatever to do with the means of disposal of this particular operation, as I endeavoured to indicate to the hon. gentleman last night. What was being sought here was an arrangement whereby, if possible, the plant could be continued as an industrial operation. This is not the kind of business with which Crown Assets Disposal Corporation is normally familiar. Crown Assets Disposal, in its normal course of business, deals with commodities, land and buildings not continuing in their previous use. In this sense it is not endeavouring to dispose of continuing operations. The search for a prospective buyer could best be performed by those who have some working knowledge of the business in which the firm has been engaged, and this knowledge of course resides in the Department of Defence Production rather than in Crown Assets Disposal Corporation.

The excess profits for the years in which there were such profits have, in accordance

with the usual procedure, been turned back to the crown. The profits earned by the operator when he was operating on his own would remain with him. In the years in which a profit was made and a charge was made to the management operator for the use of the premises and for the use of government machines, those charges would be paid into the public accounts of the Receiver General.

Mr. McIntosh: I will try to simplify the point I am trying to make. How does the Auditor General scrutinize the balance sheets of transactions such as we have been discussing today from the time they start to the time of the disposal of the plant?

Mr. Drury: I am not quite sure what technique he would use, Mr. Chairman. However, the Auditor General has a resident representative in the Department of Defence Production. He has welcome access at all times to all the files in the department, and that is why he is a resident there, so he can obtain easy access

Mr. McIntosh: In view of that remark I would draw the minister's attention to page 29 of the Auditor General's report, section 65, which deals with the unauthorized use of the defence production revolving fund. I asked this question last night. Has this paragraph anything to do with transactions such as we are discussing at the present time?

Mr. Drury: I think that paragraph refers to the use of the revolving fund in connection with the acquisition, holding and disposal of commodities, if my recollection is accurate. This is really quite a different type of operation.

Mr. McIntosh: When the minister talks about commodities perhaps he had better define them because I think the defence production revolving fund is used for the purpose of acquiring, storing and maintaining stocks of material for defence supplies. Certainly the press release concerning the sale of this property led us to believe the department had been purchasing material for the Avro Arrow which went out of production some years ago. I am not sure the minister's reply to my question is correct, that the Auditor General was not trying to get at such transactions as this in his report. However, I will leave that for the moment and turn to another part of the minister's remarks last night. He said, as reported on page 7832 of *Hansard*:

> —I should like to say to him that if he had assumed the contract that Bartaco assumed I would have been glad to pay him $100. Bartaco has assumed a lot of continuing contractual undertakings which represent crown liabilities. In order to get the company to do this, we had to agree to absorb incurred losses carried forward from the balance sheets of previous years, plus the discharge of a number of outstanding financial obligations against the company. We were unable to get a continuing operator on any other condition.

• (5:30 p.m.)

I am wondering how the minister relates that statement to his press release which tells the Canadian public that the Haley foundry was set up at a time when no other source for such castings was available to Canada but that other sources are now available and it is no longer necessary to maintain this facility as a crown owned plant for defence purposes. I should like to know how long this situation has existed and why it was necessary for the government to enter into future contracts when according to the press release this material is now available from other sources.

Mr. Drury: Mr. Chairman, one of the principal consumers of the output of the Haley plant has been United Aircraft. With a substantial measure of crown assistance they have quite successfully developed the P.T.-6 gas turbine engine. Some of the essential castings for the P.T.-6 gas turbine engine were produced at Haley. It is my understanding that it would not have been possible for United Aircraft quickly to find sources other than Haley for these particular castings. In the interest of the continuing success, particularly in export markets, of the P.T.-6 it seemed desirable for Haley to continue its operations and if possible to expand in the export market, which is what we hope for beyond December, 1967.

Mr. McIntosh: Then may I ask the minister whether the government has contracted with Bartaco, or whatever other company owns the plant, in regard to future production of the plant and, if so, up until what time?

Mr. Drury: Mr. Chairman, as I mentioned we have had an undertaking from Bartaco to keep the plant in operation for a period of two years. This is a unilateral obligation on their part with no corresponding obligation on the crown to purchase any or all its output.

Mr. McIntosh: Then I take it from the ministers' remarks that Bartaco cannot sell to any foreign interest before the end of two years? Is this in the agreement with the crown?

Mr. Drury: No, Mr. Chairman. The undertaking is on the purchaser to ensure that the plant continues in operation for two years. That is the commitment. There is no commitment to remain as owner.

Mr. Hopkins: Mr. Chairman, I should like to say a few words about this matter. I do so with deep feelings because last night in this chamber an insinuation was made against the Minister of Agriculture who is my next door neighbour. I should like to read a brief extract from *Hansard*. The hon. member for Swift Current said:

> Perhaps it is coincidental that in this case, in respect of which the minister sold the property for $1, the property was located in a constituency represented by a minister of the crown, who is a contender for the Liberal leadership. Is there any connection in that regard?
>
> Mr. Drury: I regret that the hon. gentleman should suggest that there is any possible connection.
>
> Mr. McIntosh: I regret that I had to do so.

I should like to set the geographical statistics straight here and to tell the hon. member for Swift Current that—

Mr. McIntosh: Maple Creek.

Mr. Hopkins: I am sorry, Swift Current-Maple Creek—that he does not need to worry about this plant being located in the constituency of a person who is in the Liberal leadership race. The plant happens to be in my constituency, and there are so many capable men running for the leadership of the Liberal party already that I really do not think I will throw my hat into the ring.

Mr. Fane: You would do better than a lot of them.

Mr. Hopkins: I am always interested in the comments of the hon. member for Vegreville. I should also like to point out that the hon. member for Swift Current-Maple Creek said—

Mr. MacInnis (Cape Breton South): Page.

Mr. Hopkins: As reported on page 7831:

> I do not agree for one moment that the minister did not dispose of an asset of the Canadian people. I should like to have had the opportunity to buy that factory for $1.

I suggest that selling the plant to the hon. member for Swift Current-Maple Creek would not be the solution to the economic problems of Renfrew county. The hon. member went on:

> It would have been far better for the minister to have closed the factory and given it to the town, because it might have been of some benefit to the town.

This plant is located in a rural township, not in an incorporated town. What concerns me is that a member of the Conservative party is suggesting that an industry in my constituency should be closed. This is indicative of the attitude to eastern Ontario taken by the Conservative party for several years. They say nothing about the employment that this plant has provided in Renfrew county over the years.

In view of some of the losses that have been recorded I think I should point out that the magnesium business is very competitive internationally. It has also been stated that at the present time the plant has 184 employees, including 30 who have been added to the staff since Bartaco took over. It is said that 30 per cent of these employees have been with the plant for over seven years and the other 70 per cent for a lesser period.

It should also be noted that some special trades are employed such as metallurgists, radiographers, pattern-makers, core-makers, machinists, and so on. These people have homes in the area and deserve the consideration that the government has given them by keeping the plant open. I want to express my sincere appreciation to the government for so doing.

Another fact which should be stated is that since this is a magnesium foundry it is of limited use so far as any changeover or readjustment to another industry is concerned. Therefore the market for such a plant is relatively small. If this arrangement had not been made many families would have found themselves without income. Yet the hon. member for Swift Current-Maple Creek suggests that it should have been closed down. I say this shows a callous disregard for humanity.

• (5:40 p.m.)

Some hon. Members: Hear, hear.

Mr. Hopkins: This government—

An hon. Member: What page was this on?

Mr. Hopkins: —is spending millions of dollars to keep people employed in the Cape Breton area and as a Canadian and a friend of the Minister of National Health and Welfare I support this program wholeheartedly.

Mr. MacInnis (Cape Breton South): Would the hon. member allow one simple question? Would he outline what program he speaks of?

Mr. Hopkins: The Dosco program.

Mr. MacInnis (Cape Breton South): But let us have the details of the program.

Mr. Hopkins: The hon. member can make his own speech later.

Mr. MacInnis (Cape Breton South): On a point of order—

An hon. Member: Oh, no.

The Assistant Deputy Chairman: The hon. member for Cape Breton South on a point of order.

Mr. MacInnis (Cape Breton South): I rise on a point of order to tell the committee that in referring to a Cape Breton matter the hon. member is speaking of something of which he has absolutely no knowledge.

Mr. Choquette: That is not a point of order.

An hon. Member: What is it?

Mr. Choquette: It is a stupidity.

The Assistant Deputy Chairman: Will the hon. member clarify the point of order for the Chair?

Mr. MacInnis (Cape Breton South): May we have some order, Mr. Chairman? I do not think an hon. member is allowed to speak from his seat. When I am on my feet making some remarks I think it behooves the Chair to ask other hon. members not to interject from their seats. The hon. member for Renfrew North was talking of something he knows absolutely nothing about. When he directs his remarks at what the hon. member for Swift Current—

The Assistant Deputy Chairman: Order, please. Actually the hon. member has no point of order. He is making an argumentative representation.

Mr. MacInnis (Cape Breton South): The Chairman is jumping the gun. I have not arrived at my point of order. I was clarifying my remarks.

The Assistant Deputy Chairman: The Chair would appreciate it if the hon. member would not keep him in suspense too long.

Mr. MacInnis (Cape Breton South): Speaking of suspense, everyone is anxious to get the estimates through but the hon. member for Renfrew North has been speaking for the last 15 minutes and has not contributed anything to their passage.

The hon. member for Swift Current-Maple Creek spoke last night of a situation in Renfrew county. The hon. member for Renfrew North referred to the same situation, described the attitude of the hon. member for Swift Current-Maple Creek as callous and also referred to the steel situation in Cape Breton. If he wants to discuss that matter he had better do some homework so he will know what is going on.

Mr. Hopkins: The hon. member for Cape Breton South is so far out in left field he cannot see the batter.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Chairman, the hon. member is perfectly free to speak about Cape Breton as long as he can substantiate what he is saying. If he does not understand what he is saying he should consult someone who knows about the matter, and in this case I am not suggesting he go to the Minister of National Health and Welfare.

Mr. Hopkins: Before we hear any more suppositions I want to say that as a Canadian I am referring to programs elsewhere in Canada. Wherever problems are faced in Canada and people are in trouble my humanitarian instinct is on their side. I ask that the same consideration be given by hon. members opposite, and that consideration is not being extended by suggesting that a plant in my riding be closed.

Mr. MacInnis (Cape Breton South): On a question of privilege, at no time have I objected to government aid being given in Renfrew county or elsewhere. The hon. member should remove that implication from his remarks.

Mr. Hopkins: I did not imply anything like the hon. member suggests. I am only asking for Canadians to be interested in Canada. As a Canadian I support programs that are being implemented to help others in Canada. We must look after all Canadians in all regions, and I wish to make a few comments along these lines.

So far as I am concerned the people of my area deserve as much consideration as the people of other areas in Canada. As a

humanitarian I compliment the government on making arrangements with the plant concerned so that our local people can be employed. This seems to be such an issue with the opposition, and it proves once again that they are not interested in eastern Ontario. Any party that wants to see an industry close down in an area that needs economic growth has proved its callous disregard for the people of that area, and the people of my area are going to know the attitude of the opposition on this issue.

The jobs of the employees of Bartaco at Haley are being protected by the government and I thank the government for the arrangements that have been made. If they had not been made many families would have been left without an income. As I said, notwithstanding the interruptions, I extend the same humanitarian sympathy to other areas that face circumstances similar to ours. I know that the people of Renfrew county and some in Pontiac county in Quebec are grateful for the arrangements that have been made, and I do not think the minister should back away one inch from his position. On behalf of Renfrew county I thank him.

Mr. McIntosh: Inasmuch as the hon. member brought me into his argument one might have expected him not to quote me out of context. I wish he had given me the consideration that I hope to give him. I commend him for the protection he is extending to the people he represents. I do not know whether he was here last night to hear the minister's reply. I thought the Minister of Agriculture, a potential leader of the Liberal party, was from Renfrew and that that was where the factory in question was. I admire the humanitarian instinct of the hon. member but I wish he would go back to the opening remarks of my speech. I was glad to hear the hon. member say he does not believe in discrimination.

I brought the matter up and made the comparison because I understood that this factory in the hon. member's area had been sold for $1. Last night I asked the minister if he would sell the armoury in my area for $1 so that there would be no discrimination. If the hon. member had been here last night he would have heard the minister say, "No". I asked the minister why the government would sell a factory in the hon. member's area for $1 and not do the same in my area.

Mr. Hopkins: On a point of order, I say to the hon. member for Swift Current-Maple Creek that I was in the house last night.

[Mr. Hopkins.]

Mr. McIntosh: I apologize.

Mr. Hopkins: I was here when the statement was made so no inferences can be drawn based on absence. So far as I am concerned the minister answers for the minister, but I am here representing the constituency of Renfrew North. As a member of parliament I have a job to do and that is why I am on my feet today. The matter the hon. member raised is a departmental one and he ought to refer to the department concerned.

• (5:50 p.m.)

Mr. MacInnis (Cape Breton South): On a question of privilege, the hon. member rose on a point of order to indicate that he was present in the house last night. We all know the rules. If a statement was made in the house last night to which he takes objection, last night was the time he should have raised his question of privilege. If the hon. member was here last night he should have raised his question of privilege then, not 24 hours later.

Mr. Nicholson: On a point of order, my hon. friend, the hon. member for Renfrew North, did not rise on a question of privilege but to take part in this debate. In the course of doing so he drew attention to a statement which was erroneous, not in accordance with the facts.

Mr. MacInnis (Cape Breton South): On the question of privilege, the Minister of Labour ought to know better. I was referring to the rules of this house. Questions of privilege should be raised immediately, not 24 hours later. The Minister of Labour has interjected a point of order which is nonsense. I suggest he should go back to India and look after his work. The government of which he is a member has indicated to the people of Canada that the hon. member for Verdun is looking after his portfolio. Why doesn't the hon. gentleman go back to India?

Mr. Hopkins: There is a matter I wish to clear up with the hon. member for Cape Breton South.

Mr. MacInnis (Cape Breton South): Mr. Chairman, there is a point of order before you and I think you should rule on it.

An hon. Member: Who is your doctor?

The Assistant Deputy Chairman: If the hon. member would resume his seat—

Mr. MacInnis (Cape Breton South): The hon. member over there is still on his feet. Talk to him, not to me.

The Assistant Deputy Chairman: I shall try to rule on the point of order submitted to the Chair. There was no question of privilege; it was merely a contribution to a debate. I think everyone is taking part in a debate. There are no points of order.

Mr. Hopkins: Nor questions of privilege.

Mr. MacInnis (Cape Breton South): I am speaking on a question of privilege right now.

The Assistant Deputy Chairman: There can only be one question of privilege before us at one time and I wish the hon. member would not make the task of the Chair more difficult. I have been looking at the clock for the last 15 minutes hoping it will be six o'clock.

Mr. MacInnis (Cape Breton South): Am I to understand the Chair is now ruling that questions of privilege can be brought up at any time and need not be raised at the earliest opportunity?

The Assistant Deputy Chairman: The question is hypothetical. The Chair ruled there were no valid points of order raised on either side of the house.

Mr. MacInnis (Cape Breton South): There was a question of privilege before you, if not a point of order.

Mr. Hopkins: I should like to clarify this point. The hon. member for Swift Current-Maple Creek knows that I rose on a question of privilege a couple of minutes ago specifically because he implied I was not in the house last night. The question of privilege I raised followed the comment he made not five minutes ago. It was not something which arose 24 hours ago as the hon. member for Cape Breton South has suggested. I rose this afternoon to deliver a speech, and that speech is obviously not a question of privilege. I am speaking on behalf of my riding. The question of privilege related to something which occurred immediately before I rose and has no connection with anything which happened last night.

Mr. MacInnis (Cape Breton South): Why were you quoting from *Hansard*?

Mr. McIntosh: It is quite correct that the hon. member for Renfrew North spoke on a question of privilege arising from a statement I made that he was not in the house last night. I apologize for making that statement; I did not know he was in the house. But I will make another suggestion right now. His speech today was intended for consumption in his own area, looking toward the next election. He says he does not want to see discrimination. When I asked him a question he said: Let the minister answer it. If he is in favour of equal rights for all he should be supporting the idea I am putting forward. If he did not support ministers who make deals in this way we would have less trouble in Canada than we are experiencing today.

Mr. Nasserden: I have one or two questions to ask the minister. Was an item in respect of prepaid expenses included in the financial statement of this organization and was there an amount reserved for bad debts?

Mr. Drury: I mentioned that there was no reserve for bad debts in the balance sheet of September 29, but there is an item for prepaid expenses in the amount of some $9,000.

Mr. Peters: Was this previously a crown corporation? If so, for how long had it been a crown corporation?

Mr. Drury: I am sorry the hon. member did not hear my outline. This is a plant built and owned by the crown but operated by a number of private operators.

Mr. Peters: I am prompted to rise by the remarks of the hon. member for Renfrew North who told the committee he was happy the minister had been able to solve this problem by the sale of the Renfrew plant. There has been some suggestion that the Polymer Corporation should be sold but if that happened I presume the transaction would be handled in a totally different way, possibly through the Crown Assets Disposal Corporation, a course which would, I imagine, result in a great deal of extra prestige for that corporation.

The hon. member pointed out that the maintenance and operation of this plant were a matter of great importance to more than 200 workers and said he was pleased about the decision which had been reached. However, it seems to me we should be given a much clearer understanding of the means by which crown corporations are disposed of. Several weeks ago another crown corporation, Northern Ontario Pipe Line Crown Corporation, was wound up. It had been set up by parliament for a specific purpose and when that purpose had been achieved it was disposed of by an act of parliament. The machinery used to close that corporation down was the same

as that used to establish it but in reverse, one might say. I admit the bill was passed more quietly than the bill for its establishment in 1956. However, the process was the same and legislation had to be passed. In this case action is being taken through a supplementary estimate and it seems to me the house is not getting the whole story. I am not sure I understand part of the minister's submission and I should certainly like some time in which to consider the observations he made. I would therefore call it six o'clock.

The Assistant Deputy Chairman: Shall I rise and report progress and ask leave to sit again?

Mr. Starr: I wonder whether there is a disposition on the part of the committee to sit for a while longer and pass these estimates of the Department of Defence Production in view of the fact that getting answers from the minister has proved to be a hopeless task. Apparently we will not get any answers anyway.

The Assistant Deputy Chairman: Is the committee in agreement with the suggestion made by the hon. member?

Mr. Peters: Mr. Chairman, taking into account your words of a few moments ago with regard to your desire to be elsewhere, I call it six o'clock.

The Assistant Deputy Chairman: Shall I rise, report progress and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

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

HOUSE OF COMMONS

Thursday, March 21, 1968

The house met at 2.30 p.m.

[*Translation*]

RURAL DEVELOPMENT

TABLING OF ANNUAL REPORT

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Mr. Speaker, I would like to table the annual report of the Rural Development Branch for 1966-67.

[*English*]

TRADE

APPROVAL OF INTERNATIONAL GRAINS ARRANGEMENT 1967

On the order: Government notices of motions:

March 19, 1968—Hon. Jean Marchand (for the Minister of Trade and Commerce)—The following proposed motion:—That the Houses of Parliament do approve the Wheat Trade Convention and the Food Aid Convention comprising the International Grains Arrangement 1967 scheduled to take effect July 1, 1968.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion is transferred to and ordered for consideration under government orders.

FINANCE

PURCHASE OF BOND ISSUE BY BANK OF CANADA

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Finance. Can the minister now answer my question of yesterday as to the amount of the current bond issue which was taken up by the Bank of Canada?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I cannot answer as to the actual disposition of the bonds because the books have not yet been closed, but the Bank of Canada had agreed to acquire a minimum of $85 million of these issues, open as to maturity.

[*Translation*]

INCREASE IN INTEREST RATES ON GOVERNMENT BONDS

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I should like to put a question to the hon. Minister of Finance.

This morning, a newspaper carried an article on the new Canada government bond issue for $175 million at rates of interest varying between 5½ per cent and 7.30 per cent.

Further on in the article, we are told that the new bonds are authorized under an act of the parliament of Canada. Can the hon. Minister of Finance tell us what act this is, when it was passed—

Mr. Speaker: Order. I suggest to the hon. member that it is out of order to put a question requiring an interpretation of an act.

[*English*]

HEALTH AND WELFARE

MEDICARE—REQUEST FOR ASSURANCE AS TO IMPLEMENTATION OF PLAN

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I ask the right hon. Prime Minister a question. Having regard to the statement of the Minister of Finance that prior to July 1 he is prepared to undertake discussions with the provinces regarding the implementation of medicare, I ask the Prime Minister whether the commitment he gave to the house on February 12, that medicare would commence on July 1 of this year, is binding upon the Liberal government irrespective of who may head the administration.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, there has been no change in that commitment.

Mr. Douglas: May I ask a supplementary question, Mr. Speaker. Is it possible for a minister to remain in the cabinet when he is advocating policies which are diametrically opposed to the policy enunciated by the Prime Minister?

Mr. Speaker: Order, please.

Mr. Pearson: It is also possible for the minister's remarks to be misinterpreted, and they were—

Mr. Speaker: Order, please.

ADMINISTRATION OF JUSTICE

PROPOSED INCREASE IN PENALTIES FOR MARIJUANA USE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would ask the Minister of Justice whether in view of police statements made in the last couple of days regarding the explosive degree to which marijuana is being used in this country, consideration is being given by the government to bringing in legislation to increase the minimum penalty so there will be some deterrent to this very serious offence which is affecting the people of Canada in all the provinces.

Hon. P.-E. Trudeau (Minister of Justice): No, Mr. Speaker, such consideration is not being given, but action is being taken now by the courts to increase the deterrent. Whereas previously the courts had very often taken the view that on the first offence possession would be met with a suspended sentence, now the inclination of the courts is to give a prison sentence and sometimes impose a very heavy fine in addition, precisely in order to increase that deterrent.

Mr. Diefenbaker: Was a suggestion made to the courts that the giving of suspended sentences was not in the interests of the administration of justice, and did that come from the Department of Justice?

Mr. Trudeau: On the contrary, Mr. Speaker, the Department of Justice has taken the position that if the courts requested a recommendation, the department would not ordinarily suggest a suspended sentence but would ask the courts to consider the position which was stated by the court of appeal in British Columbia, that is the position I have just stated, that a first offence would not automatically be met with a suspended sentence.

[*Later:*]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I would like to ask the Minister of Justice whether it is the intention of his department to establish a study of the marijuana problem, in the light of changing social conditions and the harsh sentences that have been imposed recently on high school and college students.

[*Translation*]

Mr. Trudeau: Mr. Speaker, I answered part of that question earlier, but I must say that the whole problem of drug addiction and of the rehabilitation of the offenders interests me greatly. I feel that quite often it would be more advisable to treat drug addicts than to send them to prison, but that matter is under consideration.

[*English*]

Mr. Diefenbaker: Treat them with what?

AGRICULTURE

EFFECT OF IMPORTS OF PROCESSED FRUITS AND VEGETABLES

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): Mr. Speaker, I should like to direct my question to the Minister of Agriculture. Can the minister inform the house whether the government has instigated any type of survey or any other action to ascertain to what degree increasing imports of processed fruits and vegetables will curtail Canadian farm contracts this year?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, last Thursday, in answer to a question put to me by the hon. member for Okanagan Boundary with respect to the importation of Australian canned fruits, I indicated that this matter has been under study by an interdepartmental committee. A report has been received from that committee, which is presently under consideration. As any determination or resolution from the study of that report would involve government policy, any decision that is taken will be announced in the proper manner.

Mr. Danforth: I have a supplementary question, Mr. Speaker. May I ask the minister whether this investigation is being expanded to cover imports from other countries such as canned or processed fruits which we get into this country from Australia.

Mr. Greene: So far as I know to date, the specific study to which I referred was limited to Australian canned peaches, as this was the complaint which was brought to our department by the peach growers and peach canners who have specifically complained about Australian imports.

Mr. H. W. Herridge (Kootenay West): I wish to address a supplementary question to the minister because this matter is of urgent importance to some 5,000 fruit growers in British Columbia. I know several members of the cabinet have received telegrams recently in connection with it. In view of the possible early prorogation of parliament they are very anxious that remedial action be taken. Can the minister inform the house what is going to be done in the near future about this question?

Mr. Greene: I concur in the hon. gentleman's statement as to the urgency of consideration, and I appreciate that the matter is a serious one to the fruit growers, particularly those in the Okanagan valley. I can assure the hon. member that I will do everything possible to hasten the resolution of this problem.

Mr. George Muir (Lisgar): I have a supplementary question, Mr. Speaker. I should like to ask the minister if he has looked into the importation of vegetable oils, as he said he would do last week?

Mr. Greene: Mr. Speaker, I do not have a report on that specific question at the moment. I believe I had it here the other day but somehow did not get an opportunity to report to the hon. member. I will undertake to have that report in his office this afternoon.

POTATOES—ASSISTANCE TO IMPROVE RETURNS TO GROWERS

On the orders of the day:

Hon. J. A. MacLean (Queens): I should like to ask the Minister of Agriculture, in the light of the resolution passed by the Canadian Horticultural Council within the last three weeks and the representations from other interested bodies, whether he is in a position to announce any action which will improve the market and the returns to the producers of Canadian potatoes.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I have had such representations from the potato industry generally, and there is at present under consideration a program for helping the potato growers who are extremely hard pressed by reason of low prices this year. If such a program is determined upon it will be announced in the proper manner.

Mr. MacLean (Queens): Mr. Speaker, I should like to address a related question to the Minister of Consumer and Corporate Affairs. Is his department looking into what appears to be a very inefficient and extremely costly distribution system for unprocessed potatoes and other vegetables, under which less than one third of the price paid by consumers in Ottawa and other cities at the present time is getting through to the primary producer?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, I will have to look into this matter. I imagine that a good deal of the jurisdiction lies with the marketing boards as well.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I have a supplementary question I should like to put to the Minister of Agriculture. Inasmuch as the minister has stated that he is keeping continuing watch on the imports of potatoes into western Canada, has the minister now made a decision whether he will accede to the request for the imposition of a value for duty?

Mr. Greene: Mr. Speaker, up to now the decision has been not to place a value for duty on potatoes in the western region owing to the fact that such action would entail retaliatory action by the United States which might very seriously impair the position of other segments of agriculture, and certainly the position of the potato growers in Prince Edward Island and New Brunswick. However, in view of the serious situation created by these prices other action is being contemplated which, if it is determined upon, I believe will be in the best interests of and of great help to the western potato growers as well as those in eastern Canada.

Mr. Schreyer: A further supplementary question, Mr. Speaker. Without being argumentative and challenging the minister's decision, may I simply ask whether his department has made any calculation whether the importation of United States potatoes is at a price level that constitutes dumping?

Mr. Greene: Mr. Speaker, the advice I have is that while United States potatoes are entering Canada, and western Canada in particular, under such circumstances as to constitute an unfair competition in the economic sense, it is not dumping technically according to the definition of that term as laid down in the current GATT agreements.

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, I have a supplementary question.

Has the minister been advised by the United States government that retaliatory action would be taken?

Mr. Greene: Mr. Speaker, we have been looking into this matter very carefully. We visited Washington on several occasions to try to help the western potato growers in their very difficult position. The best information we could get and the most complete conclusion that we could arrive at was that if in fact unilateral action were taken by Canada in placing a value for duty on these imports, retaliatory action would be taken—that is to say, if we were not able to reach a bilateral agreement with the United States regarding a value for duty imposition.

DRUGS

REPORTED LARGE SCALE COUNTERFEITING OF PRODUCTS

On the orders of the day:

Mr. L. M. Brand (Saskatoon): I have a question for the Minister of National Health and Welfare. I wonder if the minister has been made aware of a serious situation which could endanger the health and safety of the public, which has now come to light. Is the minister aware that counterfeiters of drug products have recently commenced large scale operations in Canada?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker, and I should like to have details to substantiate the claim.

Mr. Speaker: Order, please. I suggest that this could be done by direct communication between the minister and the hon. member who has raised the matter.

HOUSING

CO-ORDINATION OF ACTIVITIES RESPECTING RENTAL ACCOMMODATION

On the orders of the day:

Mr. Reid Scott (Danforth): I should like to direct a question to the President of the Treasury Board in his capacity as the minister who speaks for Central Mortgage and Housing Corporation. Before the house adjourns, in two or three weeks, and in view of the continuing spiral in rents which is taking place in Canada, I wonder if the minister would bring the house up to date with some sort of statement on the success he is having in co-ordinating the activities of his department and those of the provinces with a view to expediting the construction of rental accommodation.

Mr. Speaker: Well, perhaps the minister might want to indicate whether such a statement could be made, but certainly he could not make such a statement just now.

Hon. E. J. Benson (President of the Treasury Board): First of all, Mr. Speaker, if the house adjourns in two or three weeks I probably will not be President of the Treasury Board by that time. Quite aside from that, I had the pleasure of meeting with the ministers responsible for housing in the Atlantic provinces yesterday with a view to moving toward the objective to which my hon. friend referred. We had a very pleasant and very useful meeting. At this time I should like also to again assure the hon. member that this year there will be more houses built than ever before in Canadian history, including more rental housing units.

Mr. Scott (Danforth): In view of the fact that the houses being built under N.H.A. are acknowledged by all parties to be beyond the monetary capacity of 85 per cent of our people, will the minister concentrate in his statement on the low rental housing problem in this country?

Mr. Benson: On the contrary, this year N.H.A. is concentrating its money in public housing.

Mr. Speaker: Order, please.

DIVORCE

PREPARATION OF RULES OF COURT—PROCLAMATION OF LEGISLATION

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the Minister of Justice whether a meeting of chief justices on the subject of divorce rules has taken place, what progress has been made, and whether he is able to forecast when the new legislation may be proclaimed.

Hon. P.-E. Trudeau (Minister of Justice): Mr. Speaker, I have also been given notice of this question by the hon. member for Halifax, and I have an answer I should like to give.

First of all with regard to the chief justices' meeting, a meeting was held last week of chief justices from all across Canada. Considerable progress was made. It is the intention

of the government to have the Divorce Act proclaimed and in force as soon as this can be done. However, in any event this cannot be before May 2 in view of section 27 of the act. There are a number of matters that have to be dealt with, including the ironing out of these rules and the establishment of exchequer courts where required. These matters are well in hand and we are very optimistic that we will be able to proclaim the act as soon as possible.

Mr. Bell (Carleton): Is the minister indicating that the government expects to be able to proclaim the act on May 2?

Mr. Trudeau: I am indicating that this is the date we are aiming for. I cannot, of course, promise that it will be absolutely fulfilled on that date. The law is out of our hands now, and it really depends on whether the chief justices can work out rules to ensure sufficient uniformity within that time. As I say, we are quite optimistic about it.

LABOUR CONDITIONS

NORTH SYDNEY, N.S.—REQUEST FOR ASSISTANCE FOR DOCK WORKERS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): My question is for the Prime Minister. Some days ago I asked what the government proposes to do about the large scale lay-off of dock workers at the port of North Sydney. I also asked him to make a statement on government policy indicating what will be done to assist those who will be affected. May I ask if he or the Minister of Manpower and Immigration is in a position to make a statement now? The reason I am raising this matter is that we may be leaving here shortly, and who knows if we shall return.

Right Hon. L. B. Pearson (Prime Minister): I might be able to make that statement, or perhaps the minister concerned will make it tomorrow. I think we shall be here tomorrow, Mr. Speaker.

EXTERNAL AFFAIRS

VIET NAM—INQUIRY AS TO CANADIAN EFFORTS TO END WAR

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): Thirteen days ago I asked the Prime Minister about representations made to the United States relative to the cessation of bombing. I also placed before him the suggestion that to give support, sinew and muscle to the government's views, this house might consider a resolution respecting the cessation of bombing.

Can the Prime Minister now say whether the government has given these suggestions consideration? Also, when replying, will he say what if any advance has been made in achieving that objective as the result of representations to the Department of State of the United States?

Right Hon. L. B. Pearson (Prime Minister): As to the latter part of the question, I cannot say that any advance has been made in recent weeks in bringing about the cessation of bombing of the north. So far as a resolution of the house is concerned, I have given serious consideration to its possibility and, indeed, its desirability. It seems to me that if a resolution were to be of value it ought to be carried virtually unanimously by the house. It seems to me also, from the parliamentary discussions that have taken place on this matter in this last week or two, that a resolution of an effective kind would not get such unanimity; and if there were division on the type of resolution put forward I should think more harm than good would be done.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. Is the Prime Minister suggesting that he does not think the country as a whole agrees with the stand taken by his government?

Mr. Pearson: No, Mr. Speaker, but I suggest the right hon. gentleman should read some of the discussions that took place in the house in the external affairs debate.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Would the Prime Minister consider the possibility of having either the house leader or the parliamentary committee on external affairs draft a resolution that would win almost unanimous acceptance?

Mr. Pearson: I would be glad to take that up with the house leader and he will probably get in touch with the other house leaders. If that could be done in an effective way I should be very much in favour of it; but I would not be in favour of a resolution which would underline division rather than unity in the house.

Inquiries of the Ministry

HEALTH AND WELFARE

PAYMENT OF PREMIUMS FOR MEDICAL CARE OF INDIANS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I wish to address a question to the Minister of National Health and Welfare. If the medical care plan is universally applied to the provinces, that will be the source of medical care services. Now my question is, will the federal government pay the premium for Indians in the provinces on premium health care services?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, may I take that question as notice.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct my question to the Prime Minister. In view of the interesting interpretation made by last night's C.B.C. news with respect to the Prime Minister's reference yesterday to the period between now and April 25, can he indicate to the house the significance of his using that date, April 25?

Right Hon. L. B. Pearson (Prime Minister): The significance of using that date, Mr. Speaker, is that I must be very tired, because I meant April 23.

Mr. T. C. Douglas (Burnaby-Coquitlam): Would the Prime Minister be prepared to take the house into his confidence and indicate whether his successor will take office prior to April 23, when parliament reassembles, or afterward?

Mr. Pearson: I will be glad to take the house into my confidence, Mr. Speaker. It will depend entirely on who the successor is.

Some hon. Members: Oh, oh.

Mr. Pearson: One hon. member on this side who might be the successor might like to take over the day after the convention; another one might want two or three weeks to get ready.

Mr. Knowles: Some of them would never be ready.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Following his recent advice to various farm organizations to unite and speak with one voice, has he since changed his mind because, as a member of the cabinet, he supports Bill C-186, which if passed would fragment unions rather than unite them.

Mr. Speaker: Order, please. The question is clearly argumentative.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I don't agree with the premise of that question.

INDIAN AFFAIRS

REQUEST FOR RECONSTITUTION OF PARLIAMENTARY COMMITTEE

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of National Health and Welfare. In view of growing problems affecting our native Canadians and the long delay in dealing with them, would the minister in his capacity as house leader assure hon. members that the committee on Indian affairs will be reconstituted at an early date so these problems can be dealt with expeditiously?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): The question of the reconstitution of the committee is really one for the minister directly concerned with Indian affairs.

Mr. Dinsdale: Would the hon. gentleman discuss this matter with his colleague the minister of Indian affairs and make a specific announcement at the time he makes his statement with respect to the reduction in Indian health services?

Mr. MacEachen: I have already discussed the matter with him.

FINANCE

GOLD—INQUIRY AS TO SALES PROCEDURE

On the orders of the day:

Mr. M. W. Martin (Timmins): I have a question for the Minister of Finance arising out of an answer he gave yesterday. Having regard to the growing concern and confusion in the gold mining industry, could the minister inform the house whether a tentative date has been fixed for a decision as to the disposal of gold purchased from Canadian gold producers?

Hon. Mitchell Sharp (Minister of Finance): I regret I cannot clarify the situation immediately; it is still being examined, and I doubt whether a final decision will be made until after the meeting in Stockholm, when this subject, among others will be discussed.

Mr. Douglas: Has the minister yet decided who will represent Canada at that meeting?

Mr. Sharp: No decision has yet been taken.

[*Translation*]

INCREASE IN INTEREST RATES ON GOVERNMENT BONDS

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, yesterday I put a question to the hon. Minister of Finance. I should like to put it to him again today, because I do not think that he understood it.

In the last few days the Minister of Finance announced an increase in the interest rate on government bonds which the government is unable to redeem at maturity. This rise in the interest rate varies between 2 and 2½ per cent and I should like to know whether this increase is included in the blue book containing the estimates for 1968.

Mr. Speaker: I remember that the question was asked by the hon. member, but I do not know whether it was thought in order at the time. However, if the hon. minister is willing to reply at this time, I have no objection.

[*English*]

Hon. Mitchell Sharp (Minister of Finance): An attempt was made in the estimates which were tabled to forecast the requirements of the government in connection with the payment of interest.

[*Translation*]

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

Yesterday, in answer to my question, the minister said that there was no substance in my statement, but I have here assertions in support of the statement I made yesterday.

As the minister told me that my figures were wrong and without substance, I would like to come back to the question I asked him—

Mr. Speaker: Order. I point out to the hon. member that if there is a misunderstanding between himself and the minister with regard to the interpretation of certain figures, that is not sufficient grounds for a question of privilege. It would be simpler for the hon. member to put a supplementary question.

Mr. Latulippe: In that case I shall put a supplementary question to the minister.

I said yesterday that the interest rate was to be increased from 2 to 2½ per cent, because those bonds for $175 million were at 4½ per cent and they are bought back at 7¼ per cent—

Mr. Speaker: Order. The hon. member should ask his question, if he has one.

Mr. Latulippe: Mr. Speaker, I ask the minister whether the difference between 7¼ and 4½ is really 2.8 per cent. Was I wrong when I asked this question relating to the increase in the interest rate on those bonds?

Mr. Speaker: I repeat what I suggested a moment ago. This is an argument between the minister and the hon. member. I do not think the question is really in order.

[*English*]

IMMIGRATION

ALLEGED INACCURATE INFORMATION GIVEN BY OFFICIALS ABROAD

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to address a question to the Minister of Manpower and Immigration. I first put this question to him some days ago in view of charges which had been made by recently arrived immigrants that the information given to them by immigration offices outside this country was false, and that they had not found the situation here the same as that which had been described to them. Has an investigation been made of these charges, and is the minister prepared to make a statement either agreeing with them or refuting them?

[*Translation*]

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, the question is not all that simple because in all our immigration offices we give out general information on Canada, on matters such as the average wages, the average temperature and the average rents. An immigrant can easily and quite honestly misinterpret the information given to him, and that gives rise to misunderstandings such as the ones brought to our attention. However, I think that Canadian immigration agents have always, and not just in the last year or two, informed immigrants as well as they could.

Unfortunately, one cannot always avoid certain misunderstandings such as those reported to the house by the hon. member.

[*English*]

Mr. Starr: In view of the fact that not one but quite a number of immigrants have made the same charge in connection with information given them by the immigration officers, does the minister not think an investigation should be undertaken as a basis for directing these officers not to give out false information?

[*Translation*]

Mr. Marchand: Mr. Speaker, continuing investigations are made. We keep in touch daily with our officials and we give them information about Canada.

Our immigration policy is well known. It is impossible to give precise information on a day to day basis to every immigrant, and that has always been the case. Misunderstandings such as those mentioned by the hon. member are unavoidable, but we try to prevent them as much as possible.

[*English*]

AIR TRANSPORT

REQUEST FOR AMENDMENT OF RESTRICTION ON FARM SPRAYING

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): I should like to direct my question to the Minister of Agriculture and ask him whether, in the interests of western farmers, he will use his influence to permit them to make more effective use of their aircraft for spraying purposes by having an alteration made in the regulation which at present limits them to a 25-mile radius based on their home farms. I refer to air navigation order series VII, section 3(4).

Mr. Speaker: This is not a question which could normally be accepted at this time, but in view of the fact that there may be a recess some time soon it might be allowed.

Hon. J. J. Greene (Minister of Agriculture): This matter does not come specifically under the control of my department but I shall be pleased to take it up with the Minister of Transport, who I think is likely to be particularly sensitive to any requests made of him these days.

[Mr. Marchand.]

PENITENTIARIES

QUEBEC—INSTRUCTIONS RESPECTING PURCHASE OF FOOD

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I have a question for the Solicitor General with reference to a query posed by the hon. member for Saint-Hyacinthe-Bagot on March 15, concerning statements that instructions had been given to the authorities of federal penitentiaries in the province of Quebec not to purchase meat stamped "Quebec Approved." Has the minister any information on this subject?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, following the question by the hon. member for Saint-Hyacinthe-Bagot I instructed the officials of my department to pursue the matter further with the officials of the Department of Agriculture, and I expect a report very shortly.

Mr. Keays: Mr. Speaker, it appears that the Minister of Agriculture may be in a position to answer the question I put to the Solicitor General. Is the minister in a position to answer it?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the question of the relative standards set by the province of Quebec in their meat grading regulations and those set by the federal department is now being considered by our meat grading section, and a report will be given to the Solicitor General in this regard very shortly.

Mr. Keays: Then may I ask the minister whether instructions have been issued to the authorities of the federal penitentiaries in Quebec as suggested?

Mr. Greene: Well, Mr. Speaker, the general instructions are that in all federal institutions, to the best of my knowledge and certainly in the penitentiary section, it is customary to buy only Canada graded products, so the inmates can be assured that their food is of this high quality. At present we are investigating the relative Canada and Quebec standards in this regard. Generally speaking Canada grade standards are in order as we know they are the best.

Mr. Keays: May I ask the minister whether this is a new development in the province of Quebec?

CONSUMER AFFAIRS

MILK—PROPOSED PRICE INCREASE IN ONTARIO

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to direct a question to the Minister of Consumer and Corporate Affairs. In view of the fact that two Ontario dairies are going to raise the price of milk by 2 cents a quart, and in view of the importance of milk in the diet of Canadians, what action does the minister propose to take to protect the consumer in this matter?

Hon. John N. Turner (Minister of Consumer and Corporate Affairs): Mr. Speaker, if I may I think I should remind the hon. member that the government of Canada has no constitutional authority to impose pervasive controls over the prices of goods and services except in a national emergency. At the federal level we rely, as I have said on many occasions in this house, on the forces of competition. If there is any evidence to the effect that prices are being artificially maintained, then the director of investigation and research can be expected to make a statutory inquiry.

Mrs. MacInnis (Vancouver-Kingsway): As a supplementary inquiry, will the minister consult with his colleague the Minister of Agriculture to find out what percentage of this increase is going to go to the dairy farmers?

Hon. Michael Starr (Ontario): As a supplementary question, Mr. Speaker, can the minister tell us in a few words what precisely is the function of his department?

Mr. Speaker: Order, please. I suggest that might take more than a few words, and that it should not be done at this time.

Mr. T. C. Douglas (Burnaby-Coquitlam): As a further supplementary question may I ask the minister, in view of the fact that one of the functions of his department as set out in the act is to investigate price increases and to provide publicity with respect to its findings, is his department looking into this increase in the price of milk, and will a report be made in the event that an investigation is carried on?

Mr. Turner: It is the statutory function of the director of investigation and research under the Combines Investigation Act to scrutinize all price movements that come to his attention, and I think he can be expected to fulfil his statutory duty.

Inquiries of the Ministry

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would just like to ask the minister how much worse things must get before there is a national emergency.

HOUSING

INTEREST RATES ON LOANS FOR STUDENT AND PUBLIC HOUSING

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I wish to direct a question to the President of the Treasury Board. Is the minister or the government considering an increase in the interest rates applicable to loans for student and public housing?

Hon. E. J. Benson (President of the Treasury Board): Not to my knowledge, Mr. Speaker.

AGRICULTURE

REPORTED SHORTAGE OF CHEMICALS TO CONTROL WILD OATS

On the orders of the day:

Mr. R. D. McLelland (Rosetown-Biggar): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Could he inform the house whether the Department of Agriculture has made any inquiries into the alleged shortage of chemicals to control wild oats, such as avadex—

Some hon. Members: Oh, oh.

Mr. McLelland: — and, if so, is the department taking any steps to improve the situation, such as authorizing research into new chemicals to be licensed and made available to the farmers?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the members of this government are far too mature to be concerned with wild oats, but I will be very pleased to look into this particular question.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the mature Minister of Agriculture. When he was reported last week end as having said that when NATO was dropped Canada would have more money to devote to foreign aid, was he giving government policy?

Mr. Speaker: Order. A question, as the hon. member knows, cannot be asked in that form.

Inquiries of the Ministry

RURAL DEVELOPMENT

ARDA—ACTION ON REPORT RESPECTING NORTHERN NOVA SCOTIA

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I wish to direct a question to the Minister of Forestry and Rural Development. In view of the fact that the minister is in the mood for tabling reports today, would he now make available to interested parties the ARDA task force report on the nine northern counties in Nova Scotia?

[*Translation*]

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Yes, Mr. Speaker. We have arranged to have a summary of the report printed and as soon as it is ready it will be distributed to the members.

[*English*]

FORESTRY

INQUIRY AS TO STEPS TO INCREASE FOREST PRODUCTIVITY

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I would like to change the focus of questions and direct mine also to the Minister of Forestry so as to give the mature Minister of Agriculture a rest. My question arises out of a statement made by the chief forester of MacMillan-Bloedel Ltd., one of Canada's leading producers of forest products. Does the minister share the concern expressed by that chief forester concerning the possible shortfall within the next few years in the available supply of merchantable softwoods to meet market requirements and, if so, can he advise the house whether the government has in view—

Mr. Speaker: Order, please. I suggest to the hon. member that this question is not in order. He is asking the minister if he shares the concern of an official or of an individual, and in view of this the question is not in order.

Mr. Barnett: Might I at least pose what I consider the operative part of my question and ask the minister whether the government has in mind any new initiatives to increase the productivity of our forest lands.

Mr. Speaker: Order. The type of statement the hon. member is asking for should really be made at the time of motions.

[Mr. Speaker.]

SPORTS

SKIING—SPONSORSHIP OF EVENT BY TOBACCO COMPANY

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. I have in mind the fact that his department gives public funds to cigarette disease education, and also contributes funds to encourage skiing in Canada. Under these circumstances is he aware that a major skiing organization this month has accepted sponsorship of a major skiing event by a cigarette corporation and, if so—

Mr. Speaker: Order. Perhaps this is the type of question that might be considered at the time of adjournment, either this evening or next week.

POWER

COLUMBIA RIVER—REPORTED INCREASE IN COSTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of the unavoidable and understandable absence of the Secretary of State for External Affairs I wish to direct a question to his parliamentary secretary. In view of the minister's continued, almost hypnotic interest in the costs of construction on the Columbia, has the government of British Columbia informed the minister to date of those costs?

[*Translation*]

Mr. Gérard Pelletier (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I shall take note of this question and bring it to the minister's attention.

SUPPLY

The house in committee of supply, Mr. Tardif in the chair.

The Assistant Deputy Chairman: Order. House again in committee of supply. When the committee rose on Wednesday, March 20, item 6c of the Department of Defence Production was under consideration.

DEPARTMENT OF DEFENCE PRODUCTION

6c. Reimbursement of the Defence Production Revolving Fund established by section 16(1) of the Defence Production Act for losses sustained in the operation of the crown-owned magnesium foundry at Haley, Ontario, prior to its sale in December, 1967, $480,000.

Some hon. Members: Carried.

[*English*]

Mr. Peters: Mr. Chairman, as a result of inquiries I made since last night I am concerned about the closing of the Haley operation as a crown corporation and the other arrangements which followed. I am surprised and disappointed that the hon. member for Swift Current-Maple Creek is not with us today because he raised a very important question in relation to this matter.

After looking at the act I am convinced that the minister was correct when he suggested that he had the right to make the arrangement he did but I am wondering whether the arrangement was appropriate. I drew the inference last night that there is a similarity between this operation and other crown corporations which could be sold in the same manner if the government so desired. I have never been satisfied about the method of sale engaged in by the war assets corporation, later the Crown Assets Disposal Corporation, in that it seems to be a wholesale operation. I realize it is difficult to retail an entire plant of this type. However, when certain of my constituents have wanted to purchase a jeep, a land rover or a Bren gun carrier to be used in a tourist operation they were informed they would be put on the list provided they could prove financial responsibility and were told that the equipment would be sold in blocks of perhaps 50 units. It does not seem to be in our interest to offer blocks of 50 Bren gun carriers, 20 Sherman tanks or other lots of equipment in this way. I suggest that the difficulties resulting from that type of sale are greater than the difficulties involved in selling single units at a reasonable price. While I agree that the minister has a right to make the arrangement he did, I am not sure we should operate on that basis.

The hon. member for Renfrew North made some very interesting observations and was obviously pleased that this plant was continuing in operation. I agree that it should continue to operate. But it seems to be strange that the corporation should sell this plant to a private operator and expect that operator to carry on the operation successfully without the advantages that a crown corporation would have, particularly when we realize that when the company was operated by the corporation it was unsuccessful.

From my own experience I can say that it is very difficult to establish an industry in either Renfrew North or Renfrew South and it has been very difficult to keep the industries going that were established there on a wartime basis. Most of these plants connected with the aircraft industry have been in difficulty ever since they changed over to peacetime production. It seems to me that a crown corporation would have a better chance of success because the government could direct certain purchase orders to that corporation. Purchases from private industries by the government must be done on a tender basis. or this reason I fail to understand the enthusiasm of the hon. member for Renfrew North in relation to the plant being turned over to a private operator on the basis of a very short term guarantee.

The minister was quite frank regarding land values and the potential in this area. We are all convinced that federal assistance will have to be given to maintain employment and the standard of living in this section of the country. While the minister has some responsibility in relation to the assistance provided in that area he is not involved as Minister of Defence Production in all the assistance programs. This area has a surplus of labour. We have been able to train highly skilled labour in specific areas of production who are capable of doing work such as is done in operations like de Havilland and in other areas where the Department of Defence Production has established operations with government subsidies to produce instruments and other things for the Department of National Defence.

It would have been wise for the hon. member for Renfrew North to have considered this whole operation in terms of a government contribution to the area to help maintain the labour force there. Surely a crown corporation could adapt to the changing circumstances if a private operator can do so in this area. The new company is required to operate for two years and it will be operating in exactly the same field and with the same facilities as the Haley operation.

It has been suggested that the plant and the machinery are quite old and that the operation is antiquated. Apparently the plant cannot be modified in order to perform some other function than that for which it was designed. If this is the case it would seem to me that the hon. member is very shortsighted in not looking at what has developed in other areas and realizing that this type of operation must have assistance and must have government orders.

Supply—Defence Production

• (3:30 p.m.)

Let me refer to an operation in my area as an example of what I have in mind. There has been a large foundry in my area for some time. It was developed some 25 years ago under the aegis of the British government. A young engineer was sent out from England to look after the Wabi iron works. He was sent out on the basis of either making the plant a paying proposition in two years or closing it down. He came out, looked at the foundry and decided it could be made a paying proposition. Through some managerial arrangement he eventually became the owner of the plant and it developed into one of the largest foundries in Ontario.

The aging of the plant and other considerations led him to decide to sell it and he did so to Canada Foundries (Wabi) Limited. For 25 years the plant operated in the foundry business on a full time basis. Very seldom was there a lay-off at the plant. If there was a lay-off it was always occasioned by a changeover in the operations of the plant. Continuous employment was provided for the people working at the plant. When it was sold this year Canada Foundries took into consideration their over-all operation and decided that they had to lay off people somewhere. Where did they lay them off? They were laid off at the Wabi plant at New Liskeard. For the first time in the operation of the plant most of the employees were laid off on a short term basis which stretched beyond what was anticipated in the initial stages. There is now some doubt about the efficiency and continued operation of the plant.

I also draw to the attention of the hon. member for Renfrew North the fact that we had in New Liskeard a pea-canning factory. Northern Ontario, particularly the clay belt of Timiskaming, produces the best peas in the world. Our peas have been exhibited at the Toronto Exhibition, the Royal Winter Fair and the World Exhibition in Chicago. We took top honours for the production of peas and therefore I can safely say that we grow the best peas in the world.

That plant had very good sales in the limited field in which it operated and this came to the attention of Canada Packers because of competition. Canada Packers bought the plant and within two years shut it down. They did not close it down because the plant was necessarily antiquated, although they said it was. They did not close it down because of its limited production which was serving a need. It was not closed down because we did not have the best product on the North American continent but simply because the plant did not fit into their trading pattern. It did not fit into their corporate practice.

I suggest that the hon. member for Renfrew North is very shortsighted if he does not consider what has happened in other areas and does not realize that private industry is in no way capable of taking advantage of dealing with the Department of Defence Production to the extent that a crown corporation can. We have an obligation to the people of Renfrew North. We established a crown corporation plant in the town of Haley. It is true that the plant is not right in the town but the town of Haley exists only because of Haley Industries. It is situated on a railway and is a small community. Its only purpose is as a shopping facility for those employed at Haley Industries and local farmers.

The employment picture of the people who live there and have been trained there has been presented to us. It appears that most of the employees can be considered permanent and have served with the company for some time. It seems to me that we have an obligation to keep the plant in operation.

The minister is also in charge of the area development plan. He is the minister responsible for the development of secondary industry in areas where such industry has not been provided. It seems to me that a changeover from a government operated plant to one operated by private enterprise is a step backward, not a step forward. I challenge the minister to rise and say that anyone has challenged the deficits which Haley Industries has had over the years. It was not aware that it had been a crown corporation.

Mr. Drury: It was not.

Mr. Peters: That is a debatable point because I am of the opinion that it had the same kind of relationship enjoyed by crown corporations. As I understand the definition applied to Polymer, for example, would apply in much the same way to Haley Industries. However, that does not matter to my argument. I may be wrong semantically.

I make this argument not to the minister but to the hon. member for Renfrew North. The crown took this step because of necessity, not because of any desire to become involved in the establishment of plants. I am fully aware that if there are to be new plants in northern Ontario or Renfrew North they will have to be sponsored by the crown and receive assistance from the crown.

One of the problems in this regard is the very thing that the minister said caused the demise of this plant, namely, our grave inability to supply entrepreneurial acumen. I have heard people in northern Ontario talk about what they would do if they had $1 million to invest. There are in my part of northern Ontario hundreds of millions of dollars which could be invested. They play the stock market every day with that kind of money. The town next to the one from which I come at one time during the depression had less than 2,000 inhabitants but 13 millionaires. So the people of Haileybury could probably put up an immense amount of capital to build plants provided personnel were available to decide what types of industry were best suited to the area and to operate them.

In my opinion this is what is wrong with the area development program. We do not know what we have to sell and we would not know how to run the business even if we could sell the product. We therefore follow the old practice of establishing industries in major cities where there are closer and more extensive markets, and the small plants in the hinterland fall by the wayside. If this plant served a purpose for the Department of Defence Production, that purpose is probably as useful today as it was in the initial stages.

Under the National Research Council there are a large number of projects which will be brought to fruition if plants and trained people are available. I remember listening not long ago to the national research people talking about this very problem. They said they had developed a particular process that they thought was a "first" in the world. They looked around for people to operate in the field but had to get American companies to operate the project because no Canadian company would do so.

• (3:40 p.m.)

There are still free enterprisers in the government. There are free enterprisers in the minister's department, because I am certain that the whole operation of the area development program is carried out on a free enterprise basis. We are giving assistance in this field. But I am sure there are also other people who are shocked at the fact that so much interest is shown in closing down crown corporations when the obvious need for them has disappeared. Everyone can remember when the Polymer corporation went around asking various rubber companies to take over their operation. I understand that Polymer was offered to the Firestone company for $1 after the war. If we had 100 Polymer corporations the Minister of Finance would now have less difficulty in balancing the budget because this corporation is making an unusually large profit. Its operations have been of advantage to Canada because the company developed a totally new process for making synthetic rubber which is being used in many countries and is of great potential value to us.

I am not too familiar with mouldings and castings, nor do I understand why the Haley plant found it necessary to tie itself to the production of a particular aircraft engine. But I do think that the Department of National Defence should decide that a certain amount of business should be directed to this plant, and I suggest that if this is not done now the Bartaco company will not be successful.

It seems to me that the hon. member representing that area should forget about his desire and the desire of the department to establish a free enterprise operation and should think in terms of the development of an industry in his area which will have the effect of bringing about secondary industries around the primary development. Obviously castings must be used on something and for something, and they create a demand for raw materials. A plant which would use the raw materials available in the area is sufficient justification for its existence. If the whole machinery of the Department of Defence Production cannot be directed toward developing this plant to meet the current needs of the department, then I think the department has failed to justify its usefulness.

I do not know whether it was ever intended that the Department of Defence Production should enter into manufacturing. I am aware of the buying potential of the department, not only for the Department of National Defence but for all departments of the government. However, the Department of Defence Production has never really looked at industrial development in Canada in terms of the distribution of the Canadian potential and Canadian needs. We have purchasing needs in Canada, and I do not think that the sole responsibility of the Department of Defence Production is to do the purchasing. Its responsibility lies also in the distribution of the purchasing all across the country. So far as the part of northern Ontario which I represent is concerned, I suggest that the Department of Defence Production makes no purchases at all from primary producers there. None of the paper which the department purchases comes from primary producers but

rather is purchased from agents of paper companies after it leaves the pulp and paper mills. Even that primary product is not purchased by the department for the needs of the government.

I am very surprised at the attitude of the hon. member for Renfrew North in agreeing to the closing down of the plant. When the plant closes down at the end of the contract two years from now, as no doubt it will, it will likely be integrated into the over-all operation of Bartaco and its principals and there will be no further need for the development of these castings. The money they have made will go into the amalgamation of the whole operation and little consideration will be given to the people in north Renfrew who will be laid off.

I think the hon. member's attitude is very shortsighted and is limited to taking advantage of the present opportunity. I suggest to him that he reconsider his attitude and become more concerned with the development of a number of plants in the area with the assistance of the government. I am very familiar with the difficulties several of these plants are facing and the fact that the low wages of the people in this area are the only thing that has made it possible for a large number of the plants in Renfrew to stay in operation in towns such as Arnprior, Pembroke and adjacent communities. Were it not for the fact that the wages of these people are 40 or 50 cents below the provincial level these plants would not be able to stay in operation. I suggest that the subsidization of these plants by the workers is not the correct method of keeping the plants in production.

It would be my wish, and perhaps the wish of other members of the house, that this matter be referred for study to a standing committee of the house. I do not disagree with the minister's policy in this respect but I doubt that this is the kind of operation in which the government should be involved. I have not had the opportunity to ascertain why this plant was started 40 years ago but I surmise that it operated for a number of years under the Department of Defence Production for the purpose of manufacturing specific commodities.

I am familiar to a certain extent with the difficulties in the production of aircraft faced by Sperry of Ottawa and a number of other plants in the Ottawa area. I am aware of the fact that these companies were subsidized to some degree and that they have continued to receive subsidies since they have ceased

[Mr. Peters.]

major production of aircraft. I am also aware of the operations of the de Havilland company and the fact that the company's operation in Toronto was developed for the purpose of building the Avro Arrow. When that program was scrapped, we not only lost an industry but we lost the potential ability to develop an aircraft industry. In my opinion we had a sufficient number of engineers in Canada. For a number of years I was in the ferry squadron in the air force. We had types of aircraft which were flown by the United States and British air forces and I had an opportunity to see the inside and the outside of those planes. I am of the opinion that no other plane flying at that time could have outclassed the Avro Arrow. We brought the best people from England and we were able to encourage them to come here and build the basis for an aircraft industry which should have put Canada in the forefront.

We are all familiar with the story of Avro Arrow in which both fact and fancy are involved. There is no point in going over it. The fact is that we lost an industry and the potential for an aircraft industry.

The same is true of the shipbuilding industry. It is interesting to note—

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Mather: Mr. Chairman, the consideration of the estimates of this department gives us an opportunity to comment on the expenditure of very large sums of money. How significant some of these sums of money are was very well summarized in the leading editorial of this morning's *Globe and Mail* in which it was pointed out that the four new destroyers the department has on its drawing boards will cost some $200 million or, as the paper says, about $50 million more than the Minister of Finance hopes to raise by the recent 3 per cent surtax on personal and corporation income taxes. This is certainly a very significant sum of money, particularly in the light of the urging by the same government which proposes to spend it that Canadians use restraint in their own spending. Can you imagine the reaction of the working people of Canada, the pensioners or, for that matter, the business people, when they learn that the government which is asking them to "cool it" proposes to spend some $200 million on what I believe to be questionable vessels of war?

• (3:50 p.m.)

I say "questionable vessels" because as is reported these ships were first conceived four years ago. They were to be part of the new integrated defence equipment program. These vessels were to be the first surface to air missile equipped destroyers to meet our NATO requirements. They were designed four years ago and apparently will be in operation four years hence. In the meanwhile we have not really redefined our NATO responsibilities.

This is a curious situation, Mr. Chairman. As I understand it, these boats were to have cost $20 million each. They are now estimated to cost $50 million each. If I may quote the *Globe and Mail* again, it says in the editorial:

> In what strange unreal world does the government live, where it can preach restraint to us and proceed, almost casually, with a huge and open-ended expenditure on what the judgment of Canadians—if it could be totalled up—would almost certainly decide was an unnecessary and even undesirable project?

I think that is a very good question, a $200 million question. There is another aspect of the Department of Defence Production in which I am sure many Canadians are interested. I refer to our defence production sharing agreement with the United States. My colleague, the hon. member for Greenwood, recently made what I thought was an excellent presentation of his views regarding the position of Canada in supplying war materials to be used in Viet Nam. As he said, the original agreement to share defence production with the United States was of some benefit to Canada. It gave Canadian firms a share in the production of military equipment used by the United States.

Certainly it was natural for Canada to enter into this type of agreement with a close ally. However, Canada is not and cannot be an ally of the United States in Viet Nam. As my colleague suggested, it is time Canada had a new look at that agreement. It may be necessary for us to assert control over the export of war materials which no doubt will be used in Viet Nam. We have, of course, already limited the export of Canadian war materials to another NATO ally, Portugal, because we feared they would be used against African states rather than for NATO purposes.

There is one other aspect of defence production contracts which I should like to mention. A while ago the *Financial Post* contained an article in which it was stated:

> Continued high Viet Nam war spending by the U.S. will keep up the big flow of contracts and orders to Canadian companies for both military and civilian goods.

Of course, some plants in the United States are so busy with war production that they have to give civilian production to other plants. The *Financial Post* article continues:

> The question is this ... is additional Viet Nam related production in Canadian plants more than offset by the adverse effects of war spending on the Canadian economy as a whole?

In so far as inflation is concerned, Viet Nam was responsible for one-third of the rise in consumer prices in the United States last year. Certainly the effect of this has carried over into our own country. It seems to me that Canada's relationship to United States defence contracts is something like that of the man who warms his hands at the fire of a neighbour. It is very comfortable at times but, as is well known, as well as having a capacity to warm fire also has the capacity to burn and scorch. I think we should be very much aware of this capacity. It is surely not exhibiting friendship for the United States for us to go along with the policy on Viet Nam of the present United States administration, a policy that is costing billions of dollars and thousands of lives. In my view this policy also leaves the United States open to possible weakness to attack from other sources.

I believe that the defence production sharing agreement with the United States gives Canada the opportunity to express her opposition, and I am sure that opposition exists in many Canadian households, to being considered an ally of the United States in a dangerous, hopeless and very costly mistake. In conclusion, Mr. Chairman, I invite the minister to comment on the remarks I have made, particularly those involving the quotations from the *Globe and Mail* and the *Financial Post*.

Mr. Schreyer: I will try to be brief, Mr. Chairman, but there are certain aspects of the operations of this department to which I feel I must make reference before the vote carries. I wonder whether the minister would care to deny the charge that in its operations the Department of Defence Production shows a very strong regional bias? Last year I put a question on the order paper inquiring as to what proportion of defence production contracts had been allocated to firms in the four western provinces of Canada. The reply indicated that the four western provinces, which have 25 per cent of the population of the country, received only 8 per cent of the total value of contracts let by the department.

Of course the minister may have a very facile reply to that charge. He may say it so happens that most of the industries set up for the production of goods such as weapons systems, and so on, happen to be located in other parts of the country. The fact is, however, that I am referring to the total value of contracts let by the department, not just for weapons systems but also for ordinary, less sophisticated parts, supplies, clothing, food and so on. It seems to me there is no point in overlooking the fact that for years now, out of $700 million or $800 million per year of prime contracts let by the Department of Defence Production an inordinately small proportion has been placed in western Canada.

Some of the contracts, of course, are let under the bid system, so the answer will be that firms in eastern Canada are bidding lower prices. This answer would not cover the whole point because many of the contracts let by the department are on a cost plus basis and some are on the basis of a bid with a clear stipulation for adjustment for unforeseen expenses. However, I believe it is clear the Department of Defence Production is allocating to the four western provinces, containing 25 per cent of the population, contracts representing only 8 per cent of the total value of contracts let by the department. The situation may vary from year to year, but I challenge the minister to show that it varies greatly.

• (4:00 p.m.)

I think it is a mixed blessing for a regional economy to have to depend on defence production industries, because they have undesirable side effects. Defence production industries do bring considerable employment and, through the multiplier effect, considerable indirect employment to a community. Many industries grow out of defence production which can transfer their operations to non-military production. Industries high in research and development content grow up around defence production industries and certainly that does no harm to any regional economy. However, as I said, there are certain undesirable side effects in that regions of the country that depend heavily on defence production industries have, to use a colloquial expression, a tiger by the tail.

In the course of the past two or three months most hon. members have received a pamphlet containing reprints from the *Financial Post* which indicate that the war in Viet Nam is doing wonders for Canadian business and the Canadian economy. This is particularly the case in those regions of the country that are heavily dependent on defence production industries. Since 1963-64 there has been virtually a 100 per cent increase in the amount of defence production exports to the United States. According to the pamphlet the minister is quoted as saying that defence production contracts in 1966 resulted in full time employment of between 13,000 and 15,000 Canadians, and that an additional 110,000 persons are estimated to be affected indirectly as a result of contracts to ship that materiel to the United States.

Without getting into the philosophical ramifications of the war in Viet Nam, Mr. Chairman, I know all hon. members hope and pray that very soon it will be ended. However, I should like to ask the minister what contingency plans his department and the government are making to take care of those employees who will be directly and immediately affected by the cessation of hostilities in Viet Nam and thereby faced with a prospective loss of employment. Plants producing such materiel are geared to full and overtime production. But when the war is over they will be working at less than full production, either on a part shift basis or on a slow shift basis. Some will be on the verge of closure. Although we all hope and pray the war will soon be over, there are thousands of people who are depending on the war for their livelihood and I should like to ask what contingency plans exist to meet the decrease in production on the termination of the war. I suspect that not very much is being done about the matter.

Some continue to express great enthusiasm over the fact that our defence production sales to the United States have been surging upward so dramatically in the past two years. I am not questioning the defence production sharing agreement between Canada and the United States. The country to the south has been our ally over the decades. At one time Franklin Roosevelt referred to that country as the arsenal of democracy, and that is still my view.

During the first few years of the life of the defence production sharing agreement both countries benefited mutually. However, we now find ourselves in a situation where we must not only look at the direct economic benefits but also at the moral and philosophical implications of the war. We have got ourselves into a hopeless position. Rather than take the time of the committee at this

stage to berate the minister for something about which I concede there is very little of a tangible nature he can do at the moment to correct, I do accuse him and his colleagues of complacency if they are not now actively engaged in the drawing up of contingency plans so that people who are adversely affected by the cessation of hostilities in Viet Nam will be quickly accommodated with alternative employment.

I am sure the minister is aware that when former President Dwight Eisenhower made his farewell address to the nation, I believe in late 1960 or early 1961, surprisingly enough for an old professional soldier he took the opportunity to warn his fellow citizens about the very real danger that was poised to strike at the heart of democracy in the United States. He was referring to the danger created by the large and growing military-industrial complex, as he put it, in the United States. This complex, was getting so powerful that not only representatives in the state legislatures but some of the congressmen who represented areas of the nation heavily dependent upon defence production of munitions and armaments were being influenced to the point that they could hardly take a position other than one of support for more and more defence and armaments production.

I realize that it is not considered to be good taste to refer in this chamber to public personages in other countries, certainly not if one feels compelled to make critical comments about them. Therefore I will not mention any names. However, I think hon. members will agree with me when I say that many of the elected representatives in the United States do take a stance with respect to defence and foreign policy that might be roughly described as hawkish. It should also be noted that in most cases these same people represent areas of the United States that are heavily dependent upon the production of armaments and munitions.

When I was at the NATO conference in Brussels last fall I had occasion to get to know a distinguished United States congressman with flowing white hair who took such a hawkish position on most of the major issues then being discussed that even his colleagues were somewhat dismayed. I did not regard it as a coincidence that he happened to represent a particular region of one state which, if it had had one more defence production industry added to those already there, would have likely sunk into the Atlantic ocean.

• (4:10 p.m.)

Our defence production industry is much smaller, but we must resolve to plan our economy so that no region of this country will ever need to turn to defence production to give its inhabitants a livelihood. Western Canada, with its relatively abundant natural resources and fertile soil, does not much need industries which depend on armament production, though I suspect that other areas of the country which are not so lucky depend on armament production to give their inhabitants employment.

I hope that no minister of the crown will continue to wax enthusiastic, as some ministers have in the past 12 months, about increased arms exports to the United States resulting from the Viet Nam war. We are selling arms to the United States because of an agreement we feel bound to adhere to. Let us hope, for everybody's sake, that the war will soon end. If it does not, I suggest we ought to consider the desirability of terminating the export to the United States of materiel that is used directly in Viet Nam.

For the past two years, because I have been confused about the United States' role in Viet Nam I have not criticized United States' actions. I wondered how that country's determination to resist aggression could be balanced against the killing of innocent bystanders. Despite motives which I do not question, the war in Viet Nam by degrees has become genocide. This has been unintentional, but even intended actions often bring strange results. I am sure that when United States military advisers were sent to Viet Nam a few years ago they were sent to help the South Vietnamese resist aggression. By degrees the war has escalated and now it has become an exercise in genocide.

In Canada we say to the United States: Stop the bombing, do this and do that. While we continue to sell vital war materials to the United States—and this is germane to this discussion—we are in a poor position to criticize. As a matter of fact, I question our right to criticize United States actions. I agree with the United States senator who said yesterday in a public statement, while discussing positions that could be taken about the Viet Nam war, that Canada cannot criticize because she is benefiting directly from war material sales.

Yesterday the hon. members for Swift Current-Maple Creek and Rosthern spoke about the sale of the crown owned magnesium foundry at Haley, Ontario. I have not time to say

everything I should like to about that transaction but I understand from the remarks of the hon. member for Renfrew North that the industry in question is essential for the economic well-being of his region. When he accused members of the Conservative party, the hon. members for Swift Current-Maple Creek and Rosthern in particular, of speaking against the interests of his district he was being silly. No one on this side of the chamber suggested that the industry should be closed down. We question the prudence and business judgment shown by the crown in disposing of this foundry to a privately owned company.

Though the terms of sale are somewhat cloudy, one gathers that this crown owned industry had accounts receivable of about $250,000 and inventory of about the same amount. For those assets the private company paid what? It is difficult to come to a concrete conclusion from the minister's words but I suspect the plant was sold for the nominal sum of $1. Though the terms are not clear it appears that in return for the inventory and accounts receivable the new owners had to pledge that the plant would be kept in operation for two years.

Significantly, the sale conditions do not prevent the purchaser from selling the foundry to a second party which in turn may sell it to a third party. I suspect that to the purchasing company this transaction represented a capital gain, one of those finagling little deals. I see no other reason for their getting involved in an industry the crown was anxious to get rid of. There is some onus on the minister to be more explicit than he was yesterday when he tried to answer questions asked by the hon. members for Swift Current-Maple Creek and Rosthern.

When the industry in question started losing money five years ago, surely the Department of Defence Production must have known that some day soon the plant would have to be closed down or sold. Why was there no contingency planning in 1963, 1964 or 1965? Why were plant operations allowed to go blithely along? Then, because the hon. member representing the area became concerned, as well he should, certain representations were made. The crown then enters into a deal with this private company on strange, almost incomprehensible terms of sale. The company takes possession and it has to keep the plant operating for two years but it need not remain as owner. I agree with my hon. friend from Timiskaming that the region of Renfrew North would have been much better served had the crown been kept in the picture, had the plant been kept operational by the crown or the crown had been responsible for transforming the operation into an operation of a different type.

[Mr. Schreyer.]

• (4:20 p.m.)

There is one other aspect. The crown made this sale on generous terms. Can the minister tell us whether the company which purchased this foundry will be applying to the Department of Industry for grants under AIDA and PAIT? If such grants are made it seems to me the benevolence of the crown will have been compounded in favour of a group of entrepreneurs who I suspect went into this venture for the sake of capital gain. The people of Renfrew North deserve something better than to be left at the mercy of private monopolies such as this.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I have for a long time felt it was time somebody in Canada attempted to take the self-applied wool from our eyes in connection with the whole question of defence production and expenditures. It is unfortunate that human beings appear to need comforting myths by which to live even though those myths lead in the end to their own destruction. In Canada we are loath to accept the real facts of our position in the world today when it comes to military expenditures.

I have watched two wars in my lifetime and taken part in one. I am observing now, as everybody else is doing, the progress of another war which has been condemned on all sides both in the United States and in the rest of the world. Yet we seem unable to draw lessons for our own policies in this regard from the harsh facts of modern warfare. It is estimated that the United States is spending some $30 billion to prosecute the war in Viet Nam. I suggest that in this context Canada and countries with similar resources can have no part to play and that we should not delude ourselves into thinking there might be a quiet, conventional war in which Canada could play a significant part.

As my hon. friend from Springfield pointed out, the war in Viet Nam started out on the assumption that it was to be a brushfire war, a police action to stem the tide of communist revolution in Viet Nam. But things rapidly got out of hand and the conflict developed into a major war. I suspect that all wars

which are allowed to break out in the future will become major wars. There was a war in the Middle East recently which was not allowed to develop beyond a local conflict but it was more by luck than good guidance that the great powers were not involved in those hostilities which could have spread to the entire world.

I doubt whether there is anyone here who can tell me what particular advantage by way of defence Canada has received as a result of the defence expenditures which I have noted for the last 15 years since I first came to the House of Commons—sums running from $1¼ billion to $1½ billion a year during that period. I have been waiting for some minister of defence to tell me convincingly that these expenditures have resulted in any greater safety for the Canadian people than would have been the case had we made them on other things in our economy or on helping people in underdeveloped countries. No one has been able to come up with a case for these expenditures. We are always told, usually in vague terms, about the dangers which confront us but we are never told how the measures Canada takes will contribute to warding off those dangers. The latest folly is the pretence that there is a threat of armed bombers attacking Canada.

Mr. Drury: The hon. gentleman says he doubts whether anyone can give him a satisfactory answer to his question concerning the validity in terms of national security of expenditures made on defence. I think that is quite true. He will certainly have difficulty in getting an answer from me. But he will be provided with an opportunity later under item 16, when the estimates of the Department of National Defence are being considered, to put his question directly to the Minister of National Defence.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I gather the minister is suggesting that my remarks are inappropriate at this point. I would remind him that we are discussing the estimates of the Department of Defence Production which is tied in very closely with defence expenditure in general. So it seems to me the subject I have raised could be discussed on the estimates of either department.

An hon. Member: Or on both.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Or on both, yes, though I would not presume to do that.

As the minister has admitted, no one is able to tell us with any conviction that we have gained any significant protection as a result of the expenditures we have made over the years. Why should we imagine there would be a reasonable argument in support of the policy we have been following? We have only to look at the quantities of material involved in a modern war to realize that Canada could play no part of any consequence in such an area.

I have been concerned about the attitude of a number of young men in our armed forces who feel ill at ease about the role in which they are cast, people who have a nagging suspicion that they are merely wasting their time and wasting the country's resources for no visible purpose. This is having a demoralizing effect on many of them. I have come across this attitude repeatedly in speaking to young men in the armed forces serving in various ranks. Perhaps they have a clearer picture of the situation than other Canadians have; they realize they have no part to play in the area of modern war.

• (4:30 p.m.)

What are we defending ourselves against? The only thing we have to fear is the use of modern weapons of offence and those weapons, we have been repeatedly told, are not susceptible to defence action. I have heard of no way by which an attack by intercontinental guided missiles can be repulsed. The only possibility, and I submit it is only a bare possibility, is by having what was described by the inimitable Mr. Dulles as a massive deterrent. It may be true that the massive deterrent the United States has been building up has warded off an attack by these sophisticated modern weapons, although I somewhat doubt that. But even if that is the case it merely supports my argument that there is no role for Canada to play because any contribution we can make cannot add to the massive deterrent force now amassed by the United States.

To pretend we can contribute in any way whatever, let alone any significant way, is self-delusion. I suspect it is based on two things, one being the wishes of interested parties in Canada who seek gain from the expenditures we make on defence, and the other being that some people refuse to accept the fact, although they have been told it over and over again, that there is no defence. To me it is a tragedy that the Canadian people, in possession of such a vast quantity of

resources, with such tremendous capacities, are content to waste their efforts on this sort of expenditure rather than really entering into the field that is demanding so much in the modern world, the development of the underdeveloped countries of the world.

I have a very clear recollection of the day in this house when it looked as though we were coming to the end of things. I refer, of course, to the confrontation over Cuba. I have been interested to note in all my reading of the discussions on the matter that no one goes farther back than the situation that obtained after Fidel Castro succeeded in seizing power in Cuba. No one goes farther back in history where there are another few links in the chain of cause and effect which finally led us that day in the House of Commons to sit here wondering whether we were facing the end of all things. If people would go farther back they would find something else that Canada and other prosperous parts of the world should not be very proud of, namely, that for decades we had known that the Cuban people were suffering under one of the most brutal dictatorships in the history of the world. They were living in poverty, in misery and in fear, and we did nothing about it. As a consequence the chain of events led finally to the confrontation between the two great powers in the world.

I suggest that if we are interested in our own defence we should be bending all our efforts to coping with all the potential Cubas that exist throughout the world which may at any time produce the chain of cause and effect that will lead us to the brink of disaster. I can think of no more honourable, no more decisive and significant role for Canada at this time than to say to the rest of the world that we are not interested in this fatal game of military expenditures and military defiance because we know we can play no real role in it. We should say that we want to free our hands to undertake the task that lies ahead of all of us in the more affluent parts of the world, which is to remove to the best of our ability the causes of future disruption of peace in the world by removing the poverty and misery underlying those causes. But if we are going to go on playing, which is all we are doing—posturing, playing and pretending—that we in Canada can play any sort of role whatsoever in the military sense we are not going to have the resources, the energies and the time to engage in the real peace keeping operation of trying to build up the submerged areas of the world to the level of affluence that we enjoy on this continent.

I cannot think of anything that would enhance the prestige of Canada and Canadians more than if tomorrow Canada were to announce to the world: This is the end, we are going to spend no more on useless military expenditures; we are taking steps within our own country to develop our own economy and labour force whereby we can make a massive contribution to world development. Canadians would then have reason to be proud of the role Canada was playing in the world. I have little reason to be proud of a people who through vanity, through pride, call it what you will, want to go on pretending and posturing that they cut some ice in the military world of today. Who wants to? Who wants to play in this evil game? I think that sensible people, responsible people, would be happy to see Canada withdraw from it, and throughout the world there would be other peoples and other nations who would draw a breath of relief that finally in one part of the world the light of common sense was prevailing and the follies of the past were finally being put behind us.

Mr. Barnett: Mr. Chairman, against the kind of background established by the speeches of the hon. member for Springfield and the hon. member for Nanaimo-Cowichan-The Islands I would like to take a few minutes of the committee's time to pinpoint the impact of some of the things they have been saying upon a particular area of Canada and the people of that area.

The hon. member for Springfield, said it was fortunate that in not too many places in western Canada were the people basically dependent upon the defence program and the establishments that exist because we have a Department of Defence Production and supply what some people once would have called our war machine and which some of us in this chamber have heard described as our peace machine. I happen to have a community of that kind in my constituency and whenever I listen to discussion of the estimates of a department like the Department of Defence Production I immediately think of these constituents who are in a very vulnerable position.

I do not know whether it is ironic or a hopeful sign that the Minister of Defence Production has another hat. He is also known as the Minister of Industry. There are many of

us who are hopeful that some day he will be able to discard one of his hats and devote his entire energy to the Department of Industry. I am not restricting this observation merely to the present incumbent of this office but rather have in mine a future organization of the departments of the government of Canada which I would like to see take place. Nevertheless I feel that the remarks made by the hon. members for Springfield and Nanaimo-Cowichan-The Islands have clearly set out the fact that the minister's dual functions are so intertwined that they cannot really be separated. While one may hope that one area of his responsibility will be phased out and that the other will increase, nevertheless at this moment we are dealing with the estimates for the current fiscal year and therefore have to be concerned primarily with the present situation.

The concern I have expressed about the situation in which these constituents of mine find themselves is not wholly mine but is widely shared by many of the residents of the area. I would like to refer to a brief circulated by the Courtenay-Comox chamber of commerce around the end of last year in which some attention is focused on the situation in which the ordinary citizens, business people and professional people in that area find themselves. The brief points out the following:

• (4:40 p.m.)

Over the last ten years in the Comox valley we have seen a gradual decline in the number of wage earners in the logging and woods industries until today this payroll is estimated to be less than 500.

I might interpolate here and say that during an earlier era the basic industry in the area was coal mining but apparently what has been happening in Cape Breton happened there. One of the economic bases of this community has been non-existent now for quite a number of years. Logging and other forest production industries were available and perhaps in some measure eased the blow when coal mining ceased to a greater extent than the blow in Cape Breton is being eased. I point out to the minister that the decline in the number of wage earners arises in part from changing technology in the forest industry. This means that more logs can be produced with fewer people. The brief then continues:

Farming has shown a steady decline in employment opportunities and many of the small farmers have to supplement their income with other employment.

I do not see the Minister of Agriculture here so I can do nothing but ask the Minister of Defence Production to make note of that for his colleague's benefit. The brief then states:

Against this there has been a steady increase in the number of wage earners who are directly dependent on the Canadian Forces Base, Comox, for their income.

A great deal of the money that the minister supervises has been spent in this area, as I am sure the minister will agree. Farther on in the brief it is pointed out:

In summary we have reached a situation where an estimated amount of between 60 per cent and 70 per cent of the total income in the area is directly dependent on the Department of National Defence base at Comox. This places our economy in a very vulnerable position should there be any change in D.N.D. policies in the future which might lead to retrenchment and a cut-back in defence spending. At the moment there is no alternative or additional source of payroll income in sight for this area and it is considered that urgent action is necessary to remedy this deficiency and to attract more sources of employment to the Comox Valley.

The brief then goes on to detail the efforts made over the past 15 years or so by the local body to stimulate other industrial development in the area. I will not go into that in detail. However, in responding to this brief and the covering letter I said to the people of the Comox-Courtenay chamber of commerce:

While I do not know of any current planning of the government in the defence field which is likely to alter in a major way the functioning of Canadian Forces Base Comox on its current scale, I have long been concerned about the increasing vulnerability of the economy of your area to any change which would eliminate or reduce the present establishment, on top of which I am sure there are none of us who do not hope for a state of affairs in the world where that kind of an establishment will become redundant.

I might say for the benefit of the minister and the committee that what I had in mind when I used that last phrase was redundant as far as the thinking of the government of Canada is concerned.

The hon. member for Nanaimo-Cowichan-The Islands very ably developed the idea that basically our defence effort is a redundant operation at the present time. I share this view and I have made that clear on more than one occasion when I have addressed audiences in the area. In other words, the plain fact of the matter is that the spending of the number of millions of dollars supervised by the Minister of Defence Production

represents a wasteful expenditure of Canadian taxpayers' money, to say nothing of any other considerations regarding the future of the world. Be that as it may, I do not believe that a view has so far been held by the Minister of National Defence or the Minister of Defence Production who is responsible for the spending of some of this money. From any indication we have had, even from some of the more hopeful of the aspirants to the office of the Prime Minister, it is not likely that there will be any basic change in policy on the part of the Canadian government as long as the party across the way remains in office.

The Minister of Defence Production should be reminded that he has another hat. We welcomed the establishment of the Department of Industry. I am sure the minister knows the terms of reference which set him up as the Minister of Industry much better than most members of the committee. Section 7 sets out some of the responsibilities and along others it states that he should promote the establishment, growth, efficiency and improvement of manufacturing industries in Canada, and develop and carry out such programs and projects as may be appropriate. He is concerned with spending money as Minister of Defence Production but I would urge upon him that he be even more concerned about fulfilling his other role and that he should not lose sight of the fact that his operations and those of his colleague, the Minister of National Defence, have placed whole segments of the Canadian population in a very vulnerable economic position.

Even in the minister's new role as Minister of Industry there has been no real assurance from anything that has happened so far that the federal government has taken any real initiative to ensure that an alternative economic base for this community is being developed to counterbalance the vulnerable situation in which the community finds itself because it is dependent on the defence establishment. This is true of other places where the people are more directly dependent on the defence manufacturing field.

Even though the minister is sitting here at the moment as the Minister of Defence Production I should like to point out that I recognize his other role. I have made inquiries of the area development agency of the Department of Industry and have been assured of the willingness of that agency to co-operate with the local people if they wish to set up an industry commissioner. I was told that the appropriate officer of the department, a man who has spent some time in British Columbia, will do everything he can.

As the minister knows, we have had recent discussions about the question of designated areas, but this area does not fall within that particular classification. Therefore, except for a little advice and counselling in his role as Minister of Industry, the minister, as far as I can ascertain, has not really done very much to bring forward policies with any meaningful weight in relation to the provisions of the act for the purpose of developing and carrying out such programs and projects as may be appropriate. I suggest to him that he should not lose sight of this.

The minister quite properly suggested to the hon. member for Nanaimo-Cowichan-The Islands that we might be dealing with defence department estimates later. I agree that if I have questions to ask in relation to changes, if any, to be made in respect of this establishment they should properly be directed to the Minister of National Defence. I do not mind saying that I have discussed these matters on occasion with the minister and I am not asking him to answer at this time any of my questions relating to possible changes in the actual establishment.

• (4:50 p.m.)

Bearing in mind statements of the kind just made by the hon. members for Springfield and Nanaimo-Cowichan-The Islands, the minister should be prepared, even when appearing before us as Minister of Defence Production, to give some indication of what he really thinks about the relative importance of the two roles he is playing in the context of the operation of the government of Canada. The minister should be willing to give us answers of some kind about where we are going and what kind of leadership the government of Canada intends to give in order to deal with the changed focus in the economic situation that would occur if the war in Viet Nam were to stop tomorrow. He should be prepared to tell us the situation that would be likely to arise in a relatively small community such as I have been speaking about, if his colleague the Minister of National Defence recommended, and the recommendation was accepted by the government, that the Comox forces base should be closed next month.

These are real and important questions in the context of the world situation and the total economy of the country and its industrial health. They are also of very direct and

immediate importance to the people whose lives, interests, savings, homes and businesses have become wrapped up in certain communities because of the requirements resulting from policies followed by the government. This question is deserving of full consideration by the minister. The house is entitled to know where we are heading in the wide policy fields, and also what will be the immediate impact upon communities affected by these policies, whether they be manufacturing areas or communities which are dependent upon establishments of the Department of National Defence.

Mr. Peters: Mr. Chairman, the minister has not answered any of the questions that have been asked and I should like to put a couple more to him before he does answer. The questions raised with respect to the Haley plant are serious enough in themselves, but I should like to have some more information on the matter. How many plants other than Haley Industries are there in this category? How many of them have been operated by management consultants, and why does the minister consider that there is a great difference between what is technically a crown corporation and a crown operated and owned industry? Also, how many plants of this nature that were used for war purposes—they may not be so used now—had government sponsored management during their period of operation under the Department of Defence Production?

Mr. Drury: Mr. Chairman, a number of questions have been asked to which I shall try to give brief answers. The allegation was made that the cost of the d.d.h.'s had risen overnight. The evidence cited in support of this argument was an editorial which appeared in the current issue of a Toronto newspaper. I am sorry that the hon. gentleman who derived this information from the newspaper was not in the house when the question of costs was under discussion. At that time it was made clear that a number of figures had been bandied about in respect of naval construction which represented only parts of the total contract, that this had led to misunderstandings in the past and it was my intention to see that whenever questions relating to costs or estimates of costs for naval construction were asked the full cost would be provided on each occasion in addition to the costs asked for.

The hon. member for Springfield suggested that a regional bias was evident on the part of the Department of Defence Production and this bias was given effect to by the use of cost plus contracts or contracts with adjustments for unforeseen circumstances. I suggest that cost plus contracts or contracts carrying—and I am not too clear what the hon. member meant by this—clauses for adjustment due to unforeseen circumstances, are rather unusual. I cannot think of one in which we are currently engaged.

It is the practice and policy of the department to seek to purchase by way of tender, based on the specifications and stated delivery times, and to award the contract to the lowest tenderer capable of meeting the terms of the tender. This in itself will serve to distribute in quite an automatic way the majority of contracts to those areas where most production is carried out. It is quite obvious that if a very small fraction of the total Canadian production is performed in a given area of Canada a correspondingly small number of contracts will emanate from the Department of Defence Production to that particular area.

In respect of the prairies, I think it is well known that the density of manufacturing there is much lower in relation to the population of the area than it is in other parts of Canada, notably Ontario, Quebec, the maritimes and British Columbia. I might tell the hon. gentlemen, however, that the policy of consolidation of purchases and awarding the contract to the lowest tenderer, rather than making individual purchases locally, has resulted in the department being able to fulfil in quite a substantial way one of the main functions for which it was set up, namely, the acquisition of goods and services for the government of Canada at the lowest economical price.

As a consequence of the consolidation of fine paper requirements and seeking tenders for these in bulk, in the past year in respect of one kind of paper only, namely, No. 7 bond, a saving of $500,000 was achieved compared with previous purchasing practices, where this item was purchased on a frequent, repetitive and small quantity basis. By introducing a national credit card system for personnel in civilian departments to obtain gasoline, oil and minor repairs to government vehicles, annual savings estimated at $158,000 a year have been achieved. By introducing government-wide rates for newspaper advertising, annual savings of about $200,000 have been brought about.

Supply—Defence Production

• (5:00 p.m.)

We are now continuing this consolidation operation in respect of advertising in other media and we hope to be able to reflect corresponding savings in this field. As members will recollect from a discussion we had last year on defence production estimates, through the policy of consolidating government needs for motor vehicles into a single purchase contract and by seeking tenders directly from the manufacturer, the department realized savings of between $100 and $400 per vehicle purchased.

I will not continue to give the many more examples of what I think the hon. gentleman has described as a bias in favour of certain areas in Canada, but I would say that the policy has had the result of concentrating purchasing in those areas where most of the production takes place. But while this concentration may have brought about some changes from previous practice I would point out that it has had the beneficial effect of effecting substantial savings in dollars to the taxpayers of Canada and that, I may say, is what I conceive my role as Minister of Defence Production to be.

Mr. Peters: I am sure the committee would be interested in having from the minister at this point an indication of the degree of purchasing on behalf of departments in relation to their requirements. Is his department purchasing 10 per cent, 50 per cent or most of the requirements for all government agencies? Perhaps he would also indicate how much of the purchasing is made in relation to defence.

Mr. Drury: As recommended by the Glassco commission, purchasing for all departments is being consolidated on an orderly and progressive basis under the Department of Defence Production. We have been taking over departments in their entirety one at a time. If my memory serves me right, we are about half way through this process now. In another year and a half or two years' time I would hope the Department of Defence Production will be doing all the purchasing on a consolidated basis for all the departments and agencies of the government, with the exception of certain specialized purchasing related particularly to high technology, scientific disciplines, and research activities in which the researchers are much closer, both in terms of physical location, and certainly in terms of intercommunication, with the source of supply, than a larger generalized department would be.

[Mr. Drury.]

We are making satisfactory progress. In addition, there are some fields where we have taken over department by department and consolidated our policy in respect of certain commodities purchased for all government departments. Motor cars are one example, newspaper advertising is another, and stationery is still another. So in a sense we are going ahead in two directions and on two fronts, and this is being converted, I hope, into a coherent, integrated operation.

The hon. member for Springfield also asked what contingency plans were being made to look after people who would be unemployed as a consequence of a shrinkage of the consumption of materials produced in Canada now being used to support the war effort in Viet Nam. Let me say right away that I share fully his hope that this unfortunate conflict can be brought to a conclusion at the earliest possible moment and, along with my colleagues in the government, spare no effort to bring this about.

In so far as those who are engaged now in production related to current warlike operations are concerned, we have been consciously, so far as this is possible in a free enterprise society, endeavouring to see that no one firm becomes solely dependent on the production of articles of military use and military equipment for the armed forces. This is true whether the firm is producing solely for Canadian consumption or is producing also for other countries such as the United States, European countries, and others. We do what we can to produce a diversification from military equipment into appropriate related civilian lines so that, should the demand for military items of any kind and for any reason fall off, there will be an alternative to which to turn people's efforts from a base which we hope will be reasonably soundly established.

Perhaps I could cite some examples. Canadair, the firm manufacturing military aircraft such as the CF-5, both for Canada and for the Netherlands, has been encouraged by us to do research and development and even prototype construction work on aircraft which have a purely civilian role, the principal one of which would be for water bombing against forest fires. They are also concerned with research and development of vertical take-off aircraft, also for civilian purposes. This we endeavour to bring about in all those firms

with which we have contact, which are currently engaged in the production of items for the various departments of defence, Canadian and foreign.

I may say that from the point of view of the necessity for a substantial readjustment I think we in Canada are fortunate in one way in that the kinds of military equipment or components of military equipment on which Canadian firms have been concentrating are largely of a quasi-civilian character. An example of this is the doppler navigation system, a system of aerial navigation which was developed in Canada and is being manufactured here. It is essential for military operations and military aircraft. At the same time it is rapidly becoming very important in civil aircraft. So if for one reason or another the demand for doppler navigation equipment in military aircraft dries up, there will be an alternative civilian demand to be catered to which will continue to provide economic activities to these firms.

• (5:10 p.m.)

We are conscious of the possibility and, we hope, the probability, that military operations with their consequent loss of life and material in Viet Nam will cease and have envisaged the circumstances of the changeover. We are working toward making it as reasonable and as easy as possible.

As I mentioned to the hon. member for Nanaimo-Cowichan-The Islands, I am sure the Minister of National Defence will read his remarks in *Hansard* and when the defence estimates are being considered it will not be necessary for him to repeat them. I leave it to my colleague the Minister of National Defence to make an adequate response.

Mr. Schreyer: Will the minister permit a question?

Mr. Drury: The hon. member for Comox-Alberni also asked about transitional arrangements in respect of communities which are wholly dependent on military activity in Canada. He wanted to know what would happen if this military activity ceased. This is a possibility which is clearly present in the mind of the government when looking at the disposition of military bases across Canada. In instances where these do have to be phased out, it is recognized that consideration has to be given to easing the dislocation caused by such phasing out. I think the hon. gentleman will be aware of discussions taking place in this house concerning the possibility of phasing out a base in Prince Edward Island. Intense efforts are being made by my colleague the Minister of National Defence to make this change in military operations, this change in military needs, with as little difficulty and a minimal amount of dislocation to the people in the region as possible. I am sure he will continue to do this. I, for my part, through the Department of Industry and the Department of Defence Production, will provide him with such assistance and such advice as I can.

Mr. Schreyer: Will the minister permit one question? Would the minister care to use his powers of articulation to refute my charge that the Department of Defence Production, in its allocation of prime contracts, shows a strong regional bias which adversely affects the western provinces?

Mr. Drury: I am sorry, but the hon. gentleman was not in the house when I did refute it. Perhaps if he looks at *Hansard* he will see the answer.

Mr. Peters: I should still like to deal with the specifics of vote 6c. I presume we are dealing with the phasing out of one particular plant. The sums of $480,000 and $740,000 are both allocated to the Haley plant. I should like to know how many plants which were operated on a wartime basis are still in operation or are being utilized on a federal managerial basis.

Mr. Drury: I am told, Mr. Chairman, that at the end of the war there were approximately 104. Over the years these have been disposed of gradually and only a few remain. I am told there is an engine repair and overhaul plant at Downsview currently operated by de Havilland aircraft. When I say "operated" I mean it is a crown owned property which de Havilland is leasing from the government and operating for its own purposes. In that sense it is not a crown managed operation at all.

In the city of Edmonton there is a hangar which is leased to Northwest Industries Limited to do repair and overhaul work. In the city of La Salle, Quebec, there is a naval test laboratory which is owned by the government and operated by Peacock Brothers Limited on a management or operations contract. They are merely operators on behalf of the crown, as this is a crown owned laboratory. In addition, there is a 7,000 ton press in Trenton, Nova Scotia, which was secured to handle the very large forgings required for our naval

engines. This is currently being operated under a lease arrangement with the main steel operation in Trenton which is Dosco.

Mr. Saltsman: I should like to direct a question to the minister.

Mr. Drury: If the hon. gentleman will permit an interruption, there is one other operation which I forgot, and which Canadian Arsenals owned. This is an establishment for the manufacture of cartridge cases at Louise Basin in Quebec. It is currently being operated by a contractor which is the same firm that purchased the arsenal at Valcartier, Valcartier Industries Limited. We are now in the process of selling the Louise Basin facility to Valcartier Industries, so that it will be operated, again without loss to the crown, but with the continuing maintenance there of a cartridge case producing facility.

Mr. Saltsman: Mr. Chairman, I was interested in the minister's statement that his department was giving considerable attention to the problem of changing from wartime products to peacetime products and that they had been looking at the various factors. Can we take it from this statement that the transition from the production of war material to peacetime products can be made easily and without serious disruption?

Mr. Drury: Easy, Mr. Chairman, is a relative term. Whether something is easy, whether dislocation is major or minor, whether it is easy or difficult, depends a lot on where you sit. If you were a man who had been gainfully employed in a job for a great many years and it suddenly disappeared, then it would be very difficult for you as an individual. However, if there is only one such instance in a year in the country, then that could hardly be regarded as a national problem. Such a transition would be easy for the government of Canada, indeed even easy for the opposition, but it would be very difficult indeed for that one man. I was endeavouring to say that the problem of transition is not a major one and we are seized of the importance of it. We are continuously taking steps to facilitate this transition on the day that we hope will come.

• (5:20 p.m.)

I mentioned to the hon. member for Timiskaming the sale to Valcartier Industries Limited of Canadian Arsenals ammunitions producing plant at Valcartier. As a consequence of this, the crown has been able to secure the continuance in being of an ammunition producing facility to meet the needs of the Department of National Defence. At the same time, by introducing an entrepreneurial management with other interests, the plant and machinery at Valcartier are being used not only for the production of small arms ammunition on a limited scale, which is all we need now, but for the manufacture of another range of both plastic and metal items. As a result, when the day arrives that small arms ammunition is no longer required, the plant at Valcartier and its employees will already be well launched into the production of civilian goods.

Mr. Saltsman: The importance of the minister's statement at this time, Mr. Chairman, is simply this. A great deal of fear has been created in the public mind about the war materials that are being produced in this country in connection with the war in Viet Nam. For the sake of the record and for the knowledge of the Canadian public, the minister's statement today is of considerable importance. Regardless of the earlier part of his oration which, if he will excuse the allusion, sounded very much like a statement from the minister of external affairs—

Mr. Drury: From the N.D.P.

Mr. Saltsman: —I think the implication of what he said is that Canada should get out of the production of war materials and that the transition from war to civilian production could be made reasonably successfully and without major disruption.

Mr. Peters: Mr. Chairman, I was pleased to hear about the plants disposed of by the department. We will all be happy when the transfer from wartime operations is completed. I was also pleased to hear that the department had changed its role in terms of defence production. While I presume the department still buys material for the army, it has adopted the Glassco recommendation of bulk purchasing. I assume that this involves a distributive system, which will create new problems. For example, when you buy paper in bulk you have to store it, and I can envisage storage problems for the department.

I have one final question for the minister. If I had any further questions I would ask them of the parliamentary secretary who has sat silent throughout. Has the department considered changing its name to a more suitable one in keeping with its purchasing policies which were recommended by the Glassco commission? If I and my colleagues had anything to do with it defence costs would come

down; therefore that particular function of the department would eventually disappear. At the same time, its purchasing activities are going to increase. Would it be in keeping with the minister's avowed N.D.P. philosophy to change the name of the Department of Defence Production to something more appropriate?

Mr. Drury: Mr. Chairman, it is our intention to do so in about one year's time. It will require legislative enactment and the matter does not seem to be terribly urgent. Although progress is being made on the matter I would be glad to receive suggestions for a new name, though not now.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I cannot let the estimates of this department go through without making a brief but none the less strong protest about the way defence contracts have increased so tremendously during the last year. I am afraid that the minister's talk of phasing out military production is not too convincing in view of the number of defence contracts entered into last year. Indeed, instead of military production being phased out it has been going the other way. We have been building up an intricate network of defence production that will be very hard to undo or to turn to civilian use. I am worried about this because it means we must devote a great part of Canadian industry, resources and manpower to the production of war materials for military needs at a time when civilian needs are increasing.

Because it puts the case much better and more succinctly than I could I should like to quote an editorial that appeared in this morning's *Globe and Mail.* It commences as follows:

> It came out almost incidentally. Michael Forrestall (P.C. Halifax) was talking about cost control during the Commons debate on supplementary spending estimates for the defence production department, and mentioned a figure of $20 million a ship for four new destroyers the department has on its drawing board.
>
> Not $20 million, corrected defence production minister C. M. Drury, by now it was "a lot closer to $50 million", and maybe more. The ships would be built over four years and changes in naval warfare might dictate design changes at increased cost—
>
> Designed four years ago for service four years hence and dubious service at that. We have yet to redefine our NATO commitments, we can have no certainty that any of our U.N. roles will require such vessels; and if there is one thing most Canadians feel they could do without, it is a ship that fires surface to air missiles. At what?
>
> But four of them will cost us $200 million. There goes $50 million more than will be raised by finance minister Mitchell Sharp's 3 per cent surtax on personal and corporate income taxes for the 1968-69 fiscal year, there goes nearly double the $105 million aid Canada sent to Indian last year—our biggest foreign aid item.
>
> In what strange unreal world does the government live, where it can preach restraint to us and proceed, almost casually, with a huge and open-ended expenditure on what the judgment of Canadians—if it could be totalled up—would almost certainly decide was an unnecessary and even undesirable project?

I think the *Globe and Mail* has hit the nail on the head. From what I have heard during the last two days it seems we are living in a strange and unreal world. The minister is hoping that we can phase out military needs in order to meet other needs. Certainly the needs of the people of this country are tremendous. They require new housing. There is the problem of pollution control in its various phases. There are requirements for education and training from one coast to the other. There are pension problems both civil and military. The elderly need a pension increase and medicare expenses are coming along. This is why it is so unreal to spend such tremendous sums on defence production. Against what and against whom will these weapons be used?

• (5:30 p.m.)

Our country faces real and growing needs and it is high time we got down to reality and came down to earth. The people of this country are being taxed for services they hope they will receive. Yet much of their money is being spent for what? Battleships, tanks and so on. If we put our full weight behind the United Nations we should not need those items as they were once needed in the past.

I will not take up the time of the committee further except to say that in my view, and I am sure I speak for most Canadians, we have started down a long and dangerous road. I do not want to be told that I have neglected to ask on behalf of my area for any armament contracts that are going. If military expenditures are to be incurred by the government I hope that Vancouver will be given its share.

Mr. Drury: You just want your share.

Mrs. MacInnis (Vancouver-Kingsway): I would much rather see armament production stopped. Instead of concentrating on defence production I would prefer to see the government concentrating on civilian production. Just in case some hon. members find my re-

marks amusing, just in case they think I am in cloud cuckoo-cuckoo land, I ask them to note what is happening to the south where civilian needs have been badly neglected and police forces have had to be increased to contain the violence that has been created through misery and social injustice. We need not have that state of affairs in Canada and that is why I urge the minister to do away with one part of his job. He should concentrate on the Department of Industry. Instead of wearing his two hats I would prefer to see him wearing only one, the hat of the Department of Industry. One hat would suit him, and I think most Canadians agree with me.

The Assistant Deputy Chairman: Shall vote 6c carry?

Item agreed to.

(The following items were agreed to:)

7c. Payment of the obligations of the Crown-owned magnesium foundry at Haley, Ontario, outstanding as of September 30, 1967, $740,000.

8c. Reimbursement of the Defence Production Revolving Fund established by Section 16(1) of the Defence Production Act for losses sustained in the 1966-67 fiscal year in the disposition of strategic materials, $77,287.

The Assistant Deputy Chairman: Shall vote 9c carry?

9c. Reimbursement of the Supply Service Revolving Fund established by Loans, Investments and Advances Vote L18e, Appropriation Act No. 4, 1966, for the supply of certain goods and services to federal government departments and agencies for the value of stores which have become obsolete or unserviceable, $7,253.

Mr. Peters: I presume that vote 9c has to do with the revolving fund which is applicable to government purchases for other than national defence requirements. I should like to see some sort of supervisory machinery set up over such government purchasing procedures. Over the years I have heard stories of salesmen going to Department of Defence Production offices, offering their wares and being granted interviews if what they had to sell was important to the department. The salesmen also used all sort of sales gimmicks, and no one can blame them for that. At the same time, even though the Auditor General or the public accounts committee might examine at the appropriate time some of the purchases which the government has made, some sort of supervisory set-up ought to be created to deal with government purchases. Since government purchases represent the big end of government operations I think that a formal supervisory set-up of the kind I have mentioned ought to be brought into being.

[Mrs. MacInnis (Vancouver-Kingsway).]

I commend the government for implementing some Glassco commission recommendations much more rapidly than has been realized by some. The minister ought to bring this fact to the attention of all concerned much more forcefully than he has done.

I welcome the minister's remarks about administrative procedures and I wish to bring to his attention some problems in connection with purchasing which have arisen in various ridings. For instance, in certain ridings where the government purchased automobiles the dealers who were not successful in tendering were very upset and told their member of their dissatisfaction. On the other hand, dealers who were successful in tendering soon found that the service commitments of their contracts meant that they had to spend more in servicing government cars than they would have spent in servicing the general public's cars. In other words, the dealers are damned if they win and damned if they don't. I think there is an obligation on the part of the department to make certain that automobile manufacturers stand behind their dealers. Often the manufacturers dodge their responsibilities and the dealer winds up making nothing or next to nothing.

When a dealer sells a standard Chevrolet, he makes a mark-up of $700, $400 of which is earmarked for service for engines, rear ends or other servicing needs that may arise. Usually the manufacturer stands behind his product but I have been told that some manufacturers have blackmailed local dealers into doing certain work without compensation. Originally the dealer arranged with the manufacturer to be compensated for the work. Actually the dealer got a kickback from the manufacturer for servicing the car, but I have been told that General Motors has stopped giving this kickback to its dealers. I have received many letters and I have heard many opinions expressed about whether General Motors is or is not in some way reimbursing its dealers for work being done.

I do not ask the minister to comment. I merely wish to say that since all these dealings affect the government in some way it would be a good idea to institute some kind of machinery to supervise purchasing procedures, and here I am thinking of what the Glassco commission recommended. Within the minister's department that supervisory body could control purchases, and where difficulties in connection with purchases arose the supervisory body could bring them to the

minister's attention. As purchasing requirements within a department become more complicated and as more items with which the minister is not familiar are purchased, the services of a supervisory body would be invaluable. It would not be to his disadvantage and it might well be to the advantage of the country if such a supervisory agency were established in the department to act as a watchdog. Its work might even involve supervision of the way in which supplies are used by other departments of government.

• (5:40 p.m.)

The agency might come to the conclusion, for instance, that there was an unusually high consumption of certain material for which there did not appear to be a great and continuing demand. The building up of stocks can lead to such situations as arose when the defence department found itself in possession of enormous supplies, surplus to requirement, of overpants for females in military service. The supervisory agency I have in mind could check the demand for such items when it was felt the quantity demanded was excessive, and instigate investigations which I am sure would eliminate unnecessary waste.

I am glad the minister has been able to go as far as he has done in connection with the Glassco recommendations. I think he should look carefully at the recommendation to set up machinery for continued supervision during the period of purchasing rather than wait for the Auditor General to find out what went wrong—obviously an exercise in hindsight.

Mr. Saltsman: I should like to direct another question to the minister. In view of the evidence given before the drug committee that his department is able to purchase drugs at great savings, has the minister ever been approached by provincial governments to act on their behalf in purchasing drugs for hospitals? If he were so approached, would he consider making such purchases for hospitals in Canada?

Mr. Drury: We have never at any stage been approached with this request from the provinces.

Mr. Saltsman: What would be the position of the department if such requests were made?

Mr. Drury: We would be glad to co-operate, Mr. Chairman.

Item agreed to.

The following item was agreed to:

10c. Reimbursement of the Queen's Printer's Advance Account for the value of stores which have become obsolete or unserviceable, $996.

The Assistant Deputy Chairman: This concludes the supplementary estimates of the Department of Defence Production. The committee will now consider the supplementary estimates of the Department of Industry.

Mr. Peters: It was my understanding that the minister would be away and that we had agreed these estimates would stand while he was absent.

Mr. Drury: I did not know I was going to be away.

Mr. Peters: Pardon me. I thought we were on the estimates of the Department of Energy, Mines and Resources.

DEPARTMENT OF INDUSTRY

1c. Departmental Administration, including grants as detailed in the Estimates, $1.

Item agreed to.

25c. Amount to be credited to the Area Development Account established by sub-section 1 of section 5 of the Area Development Incentives Act and to authorize, notwithstanding section 30 of the Financial Administration Act, an increase to $275,000,000 in the total amount of commitments in the current and subsequent fiscal years for development grants under the said Act, $11,000,000.

[*Translation*]

Mr. Laprise: Mr. Chairman, I should like to say a few words with regard to item 25c which deals with designated areas.

A few days ago, on the orders of the day, I asked the hon. minister whether he had received requests from public bodies of the Abitibi area to the effect that this part of the Quebec province should be designated as a low-employment area in order that the industries which are prepared to settle there might benefit thereby.

Every year, the hon. minister publishes a report on the activities of his department. In the 1965-66 report, the role of the Department of Industry is defined as follows:

The duty of the Department of Industry is to encourage and facilitate the efficient development of secondary industry in Canada.

In my opinion, Mr. Chairman, this is quite a commendable purpose which should be carried out. I think that the incentive given by the department made it possible for many industries to settle and create new jobs in areas which otherwise would have registered

a high concentration of unemployed, which would have affected them adversely. I wonder whether, in the country as a whole, some areas have not been at a disadvantage due to the system used by the department to designate those areas.

I should like to continue with the description of the role of the department.

In more precise economic terms, the department seeks to attain a dual objective: to raise the level of productivity and to make it possible for our industries to compete on the domestic and foreign markets. Furthermore, its purpose is to prepare and implement programs intended to create new job opportunities and to raise incomes through the industrial development of the areas of Canada which have been designated because of chronic unemployment, underemployment or low incomes.

One or two days ago, in answer to the hon. member for Trois-Rivières (Mr. Mongrain), the minister stated that the areas were not designated by the Department of Industry but rather by the Department of Manpower and Immigration, according to the level of unemployment prevailing in those areas. The minister is basing himself on the report of the Department of Manpower and Immigration in giving assistance to the industries wishing to settle in those areas.

• (5:50 p.m.)

I fully understand the situation. However, I wonder whether this procedure is fair to all the areas, for in the region in which I am interested, that of Abitibi, there are between 400 and 500 men who have to travel to the province of Ontario to work in lumber camps, sawing wood or transporting it to mills where it is converted and prepared for the market.

These men must travel over a hundred miles to come back to their homes during the weekend, which increases their expenses considerably. Moreover, they cannot be considered as unemployed. In fact, they are not unemployed but must earn a living in an area located in a neighbouring province and designated as an economically depressed area.

Therefore, I think that, in so doing, an injustice is committed against northwestern Quebec, for as far as I know, two lumber processing industries at least would be interested in coming to a northwestern Quebec town, namely La Sarre; but being unable to get any aid under the Designated Areas Act, they will probably settle down in the neighbouring province, where they will be entitled to the subsidies granted in designated areas.

I agree with the hon. minister and the hon. member for Cochrane (Mr. Habel) that northern Ontario can supply raw materials to this lumber industry. But, I should like to point to the hon. minister that northwestern Quebec can also supply many species of wood to those processing industries.

Last Sunday, I had the opportunity of visiting the new road that was cut out of the forest, north of La Sarre, towards James Bay and the sea. I know that the La Sarre Chamber of Commerce, led by most enthusiastic and enterprising men, decided last year without waiting for support or help from the Quebec government, to build that road so that the area's resources, that is timber, mines, tourism, etc. could be developed.

As I said, last Sunday I was present at the official opening of a section of that road. I could see for myself the vastness and the beauty of the forests which border the Wawagosic and Harricana rivers and all the other streams which run through that wooded area in northern Quebec.

The reports submitted by the engineer, Michel Tissé, and by others, indicate that there are huge expanses of forests which are waiting to be developed. I would say that that whole area of the forest in northwestern Quebec has more than 100 years of growth and that the wood is ready to be cut down. Consequently, I feel that we should not postpone exploiting those natural resources. Moreover, the establishment of new industries would reduce unemployment in northwestern Quebec.

Unemployment is very high in the Abitibi area; there was unemployment last fall, there will be this spring, and even next summer. A great number of workers are not entitled to unemployment insurance benefits, and when they report to the welfare service, they are told: Move somewhere else where you can find work. By so doing, they are indirectly invited to expatriate themselves, to head for other areas, indeed other provinces, to seek work which they could get on the spot, at home.

Industry in that area is not very diversified. There is the forest, the mines and a little agriculture. We do not have much potential for industries, compared to great centres, because for some industries, raw materials would have to be imported, processed and then, re-exported. It is something practically impossible and uneconomic. But, on the other hand, we can process our wood products and export them later.

I ask the minister whether those areas could not be determined in some other way, because I feel that situation is peculiar to our

district and is not to be found elsewhere perhaps. In my opinion, some thought should be given to that problem in order to attract some industries to our area.

A beautiful polyvalent school has been built in La Sarre; the federal government has contributed $3,510,808, and the Quebec department of education has supplied the equipment and the teachers. It is a generous grant from the government in Ottawa, for the construction of a school which will dispense learning to our young people. This is all quite commendable, but when those young people will be trained, I wonder what will happen to them. In fact, we do not have any industry to hire them and they will be compelled to go away, and thus the Abitibi area will be deserted.

In my opinion, some efforts should be made to help an industry to establish itself in the Abitibi area, in order to keep our young people.

In the September 30, 1967 issue of the Montreal newspaper *La Presse*, there was an article signed by Mr. Maurice Giroux, entitled: "Manufacturing investments". The article said:

> Since 1963, Ontario has been increasingly outdistancing Quebec. In 1967, there is apparently a difference of 211 per cent.

That is, money is invested much more quickly in Ontario than in Quebec, and in 1967 there was a difference of 211 per cent. Mr. Giroux goes on to say:

> The Quebec Advisory Council, during the summer—

That is, the summer of 1967.

> —made a study of the investments made in the manufacturing industry in the province, and the preliminary report recently completed shows an increasing gap between investment expenditure in Quebec and in Ontario.
>
> The difference in favour of Ontario will reach, it seems 211.1 per cent this year and, excluding the paper industry, the difference exceeds 250 per cent. The general manager of the Council had already been warned of the situation last year by an official of the department of industry and trade and Mr. Roland Parenteau had received a series of comparative charts from that official.

And so, in closing my remarks, I should like to put on record the graph of those investments—it will only take me a minute —to show the difference between the investments in Quebec and in Ontario, from 1955 to 1967. I quote:

> Those graphs indicate that, since 1963, investments in Quebec manufactures have increased by an average of approximately $100 million a year. In Ontario, twice as much was invested, that is from $1,071 million in 1963, to $1,813 million in 1967, as shown in the following table.

This table was prepared by Mr. Giroux.

Now, this table shows that in 1955, total investments in Ontario were $664,600,000, compared to $406,300,000 in Quebec. Examining the figures for 1965, it can be seen that Ontario benefited from $1,685,400,000 in investments, and Quebec $787,300,000 only.

So, Mr. Chairman, I think that investments in Quebec should be encouraged and that some means should be found, as regards the Abitibi area, to have it declared a designated area, in order to encourage the businessmen who want to invest in the area, but would like to have the government's help.

The Assistant Deputy Chairman: Order.

Mr. Laprise: Mr. Chairman, I have comleted my remarks.

[*English*]

The Assistant Deputy Chairman: Shall the vote carry?

Mr. Peters: Six o'clock.

The Assistant Deputy Chairman: It being six o'clock shall I rise, report progress, and request leave to sit again later this day?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

• (6:00 p.m.)

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed Bill No. C-208, an act to amend the Income Tax Act, without amendment.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock tonight are as follows: The hon. member for Halifax (Mr. McCleave), Incomes Tax Act—inquiry as to examination and approval by the Minister of Justice; the

hon. member for Lac-Saint-Jean (Mr. Simard), Winter Works—Desbiens, Que.—inquiry as to work project; the hon. member for Kootenay West (Mr. Herridge), Power —Columbia River—reported increase in costs.

It being six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills, notices of motions papers, public bills.

PRIVATE BILLS

LONDON AND MIDLAND GENERAL INSURANCE COMPANY

The house in committee on Bill No. S-25, respecting London and Midland General Insurance Company—Mr. Lind—Mr. Batten in the chair.

On clause 1.—*Change of name.*

Mr. Lind: Mr. Chairman, the sole purpose of this bill is to change the name of this company from London Midland General Insurance Company to Avco General Insurance Company. There are two reasons for the desired change. This company is a member of the Avco group of companies, and the Avco corporation is the parent company of the entire group. Last year there was a company in the United Kingdom which used the names "London" and "Midland" as the main names of that company. It went into bankruptcy and there have been some inquiries as a result. The company has been asked whether there was any connection between these two companies. There is no connection between these two companies whatsoever, but this is the reason for this change.

Let me point out to hon. members that Avco Holding Corporation of Canada is not the sole owner of the London and Midland General Insurance Company. Approximately 50,000 shares are held by Canadian citizens. I hope that hon. members will see fit to allow this change of name, which is all that is being sought.

Mr. Peters: Mr. Chairman, I agree with the sponsor of this bill that all that is being asked is a change of name. I do not agree that that is all this bill may do. The name of this company would indicate that its operations or offices are located in the main insurance area of Canada. The hon. member sponsoring the bill is also from the province of Ontario. This would give reason for assuming that this is an Ontario company, not a company of English origin. This is the sort of difficulty we have in Canada when companies use names that do not indicate explicitly the location of the company. This bill does not do much to clarify the situation, unless one is familiar with the background of the company.

The change of name is not the significant part of this whole matter. The former president of the privy council recently received a report from a tax force that was set up to decide what influence foreign ownership had on our industry. It contained a great deal of information about the ownership of insurance companies and other financial institutions. It has been our contention for some time that the ownership of insurance companies is of vital importance to the Canadian economy. The fact that many of them are owned by foreign companies raises a question regarding the use of profits in the best interests of this nation. This matter has been the subject of a number of discussions and editorials. Many of these federally incorporated insurance companies engage in the same practice as totally owned subsidiary—

The Chairman: Order. Before the hon. member progresses too far along the line he is now taking I should point out to him that the bill before the committee is a very simple one dealing with a change of name. It does not permit the hon. member to make general remarks about the operations of insurance companies.

Mr. Peters: I agree, Mr. Chairman, that this is a very simple bill, but it is my understanding that this type of an amendment does open up the subject matter of the incorporation of the company, having regard to chapter 48 of the Statutes of Canada, 1957—

The Chairman: Order, please. I should advise the hon. member that under the rules of this house an amending bill does not open up the original act for general discussion. Only the clause which is being amended is before the committee.

Mr. Mackasey: Tom will help you.

Mr. Peters: I accept your ruling, Mr. Chairman. However, I must suggest that this company seeking a change in name was the subject of discussions in the committee on banking and commerce of the other place. There is a relationship between the change of name and the ownership of this company as indicated by the discussion which took place in that committee. The superintendent of

insurance at that time had this to say as recorded on page 79 of the proceedings of that committee:

• (6:10 p.m.)

—the purpose of this bill is very simple.

It is merely to change the name of the London and Midland General Insurance Company to Avco General Insurance Company, and, in French, L'Avco, Compagnie d'Assurance Générale. That is the sole purpose of the bill.

May I say that the existing company, the London and Midland General Insurance Company, is a federally incorporated company, having been formed by special act of parliament in 1948. It is registered with our department. It is owned by the Avco group of companies, the parent company being in the United States. There is a holding company in Canada that holds a group of companies engaged in the business of acceptance, lending and insurance. All companies in the group are using the name Avco as part of their name, to identify the family of corporations. This is the purpose in seeking this authority.

I suggest that the company referred to as the London and Midland General Insurance Company is not the same company that we incorporated. Therefore the change in name of the company carries with it a change in ownership under this bill and is pertinent in our discussion. While it may be true that it is a change in name to allow for a correction of the situation indicated by the sponsor of the bill, in other words, a duplication of name that has caused the company regrettable inconvenience over a period of time, I understand from the evidence given before the committee of the other place that the reason the company wants to change its name is that the company itself has changed. The bill changes the London and Midland General Insurance Company, a company incorporated in England, to a company owned by the Avco group in the United States which has in its portfolio a large number of companies.

I suggest that in this instance the change in name implies also a change in ownership. By changing the name of the company we will be effecting a transfer of ownership to the Avco group which is a holding company for a number of insurance companies. The questioning in the committee of the other place continued in this way. Senator Pearson asked:

How many subsidiary companies are affected in Canada?

In other words, the members of that committee were not inquiring about the name of the company but about its ownership. Mr. Humphrys answered in this way:

This change will affect only this one insurance company. They have a number of other companies in the group but they are not our concern.

Senator Pearson: They have the name?

Mr. Humphrys: Many of them have the word Avco in the name.

The Chairman: Some representatives of the company are here, namely, Mr. H. P. Paterno, president of Avco Delta Corporation Canada Limited, and president of the London and Midland General Insurance Company; Mr. C. J. Connell, group vice-president, Avco Delta Corporation of Canada Limited, and vice-president, London and Midland General Insurance Company; and Mr. K. R. Kirkpatrick, vice-president and general manager, London and Midland General Insurance Company; and Mr. David F. Alexandor, parliamentary agent.

The chairman of the committee then suggested that with the brief explanation given by the superintendent of insurance the committee might be ready to report the bill without amendment. Mr. Alexandor, the parliamentary agent, then said:

Mr. Chairman, all I would like to say is that the primary reason for the request to this honourable Senate for the change of name is to make the name Avco part of a corporate name of this insurance company, in line with six other companies in the same group. There is one other point. There is a company by the name London and Midland Insurance Company, in the United Kingdom, which went bankrupt recently. There is no relationship between the British company and this group, but it caused considerable embarrassment to this company, which had to contact 6,000 Canadian representatives and many policyholders as well.

I would also add that there are a number of companies in Canada with the word "London" included in the name. Those are basically the three major reasons for the change requested.

I suggest that in this case the change of name also carries with it a change in ownership. This company is being added to a group of companies under the name Avco. Therefore the problem is opened up of the ownership of the company. This is not only a change in name because implied in this change is also a change in ownership. I suggest that the bill therefore raises the whole problem of ownership and the question of Canadian content in the ownership of the company. As the name changes, so will the ownership of the company change and it will be a subsidiary of the Avco group of companies. On many occasions we have raised the problem of ownership.

The Chairman: Order, please. I must again say to the hon. member that the bill before the committee is indeed a very simple one. From the information which the Chair can derive from the bill before the committee, it has nothing to do with ownership and deals only with a change of name. I am going to ask hon. members to confine their remarks to the two particular clauses in the bill.

Private Bills

Mr. Peters: Mr. Chairman, we shall certainly co-operate with the Chair and concentrate on the name of this company, which limits the discussion and makes it more difficult. Avco is the name of a company established in the United States as a holding company for a number of insurance companies. I presume the name is made up of the initials of the original participants in the company. The name Avco is, of course, not a word at all. I doubt that we should allow this change of name, for the reasons I have given. The name does not appear in italics and really cannot be called a word. There is a great deal of difference between the word "London" which is a noun, and "Avco" which is a word made up of four initials. I wonder whether it is proper for us to allow a company to use a name that really does not have any significance at all. The French translation of the name sounds much better than the English version.

• (6:20 p.m.)

I would have thought it would have been better if the name had been changed to one more in keeping with their activities, namely, the selling of insurance in Canada, because there are a number of other insurance companies involved which might have found it better for this company to have called itself the Delta General Insurance Company or might have found it wiser for the company to have used its whole name. Is the sponsor in a position to say — why this company is not named the Avco Delta insurance company? In view of its ownership this would be a more realistic name. The company is owned by Avco Delta Corporation of Canada Limited, and it would seem to me that since the president of this company was also president of the London and Midland General Insurance Company it would be more realistic to identify it under this name.

I suggest that the company should be named the Avco Delta Corporation of Canada Limited and that that name should appear in the bill rather than the name proposed, Avco General Insurance Company. It may be that the name I have suggested would be more difficult to translate and it may also be that the name proposed in the bill has more meaning in French, because L'Avco, Compagnie d'Assurance Générale sounds nice. It might not sound as well if we added to the name the word "Delta", and it might well be that this word has some significance in French while the word "L'Avco" may have a different connotation in the French language than it does in English. But I think most hon. members will agree that "L'Avco" really does not mean anything at all. All it is is a grouping of letters. I think that the change of name does not make the designation of this company any clearer. If we want to clarify the meaning of the name by adding the word "Delta" this might be an appropriate thing to do.

It seems to me that the letters a,v,c,o do not make up a name. Perhaps this word might have some significance if it were but between brackets. What we would do in that case would be to patent a new name. The sponsor may see fit to withdraw the word "Avco" and just call the company "General Insurance Company", which would not mean anything at all because most insurance companies deal with general insurance. On the other hand, it might be wise to take "Avco" out and put in "Delta". I think this might have some significance. I also wonder whether it would not be possible to call the company Avco Delta London and Midland Insurance Company because this name could easily be identified by people who previously had insurance policies with the London and Midland General Insurance Company. The extra words would then be included in brackets as is the case with many other companies which have changed their names, such as National Branch (1956) Limited. The date in the name stands for the date of the incorporation of the company and the legal profession sees some significance in its inclusion.

The Chairman: Order, please. I must advise the hon. member that the time allotted to him has expired.

Mr. Barnett: Mr. Chairman—

Some hon. Members: Filibuster.

Mr. Barnett: I am not sure what that moan from over there means but in any event I am sure hon. members are familiar with the rather well worn saying that a rose by any other name would smell as sweet. Perhaps you could permit me to remind the committee that the same could also be said to apply in reverse to skunk cabbage. There is another quotation which has to do with names. I am no authority on such matters but I think the following phrase was authored by a man named Shakespeare who said "what's in a name", or words to that effect.

This bill has a fairly accurate explanatory note which explains the sole purpose of the

bill, namely, to change the name of the company to Avco General Insurance Company, in French L'Avco, Compagnie d'Assurance Générale, from the London and Midland General Insurance Company. I have been looking at the evidence which was given in the other place when this bill was considered on November 22, 1967. On the basis of that evidence perhaps a reasonable case could be made for the desirability of changing the name.

Despite what my colleague, the hon. member for Timiskaming, said about the rather meaningless grouping of letters which make up the name, it would be interesting if the sponsor of the bill could inform the committee on the meaning of the word "Avco" and how it came into being. As I understand the evidence there is some virtue in the proposed change of name in that at least it serves to clarify the real position of this company as a member of the so-called group of Avco corporations. Perhaps it would serve to identify it as being what the sponsor has stated, namely, an appendix to a company located outside Canada. To that extent at least I find myself favourably disposed to the proposition set out in the bill. It makes it clear that this is a company associated with Avco Delta Corporation of Canada Limited, and through it with a group of companies in the United States. It does also—and this is where I think the bill has some import beyond the mere change of name—signify the fact that at some point or other a company originally started by a group of Canadians in the city of London was bought out by the Avco holding corporation in the United States.

In changing the name of the company we are in effect recognizing in retrospect something that may have happened a number of years ago which is not made quite clear in the evidence I have read nor in what was said by the sponsor of the bill earlier. If my assumptions are correct, in that sense this bill could properly be considered to be a sort of requiem to a one-time Canadian company. I suppose one could say "may it rest in peace" except, as we all realize, it has every intention, according to the evidence given by the superintendent of insurance of continuing to operate as a very active participant in the general insurance field in Canada.

• (6:30 p.m.)

To this extent at least, Mr. Chairman, I have no quarrel with the proposal that the name be changed. In fact perhaps this is something that should have been done a long time ago. On the other hand, unfortunately, I realize that the terms of the bill do confine us to a rather narrow area of debate. The very fact that even at this late date we are being asked to sanction this proposed change of name, indirectly at least, does call upon us to give our blessing to something which has taken place, namely the transfer to foreign control of ownership of a Canadian corporation. I realize the rules do not permit, as you reminded us, sir, to expand upon that fact in detail. However, I believe that this change of name symbolizes this very situation which has been pointed out in certain other discussions with reference to applications that have come before us from various insurance companies.

One of the reasons given for desiring this change of name is the similarity of this name to that of a firm which apparently went into bankruptcy, and which had its origin in the United Kingdom. Apparently this was the cause of some embarrassment. Here again, we are dealing *ex post facto* with a situation which presumably most people have now forgotten. If I had been a patron of this particular company I might have been concerned about that matter at the time, but quite frankly it is something of which I was unaware until this bill came before the house.

Another reason advanced by the parliamentary agent for desiring the change of name is that there have been a number of companies in Canada in the insurance field with the word "London" included in the name. I have been looking at a list of insurance companies registered to do business in Canada, and I feel that perhaps this point has some foundation. The list I have before me is a supplement to the *Canada Gazette* for January 27, 1968. The list contains the names of insurance companies registered to do business in Canada under the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act. We do have the Liverpool and London and Globe Insurance Company Limited; the word "London" appears in that name. Apparently this company is registered to do business in the field of fire, accident, aircraft, automobile, boiler, earthquake, explosion, forgery, guarantee, limited hail, inland transportation, personal property, plate glass, sprinkler leakage, theft, wind storm and additional classes of insurance. Then, we have the London and Edinburgh Insurance Company Limited, William N.

Johnston, chief agent, Montreal, which limits itself to accident and automobile insurance.

We have the London and Lancashire Guarantee and Accident Company of Canada, which deals in fire, accident, aircraft, automobile, boiler—

The Chairman: Order. The Chair fails to see the relevance of the remarks now being made by the hon. member for Comox-Alberni respecting the very simple bill before the committee. There is no need for the Chair to quote to the hon. member the rule regarding relevancy in committee. I hope that he will co-operate with the Chair in trying to complete the work of the committee.

Mr. Peters: I rise on a point of order, Mr. Chairman. The hon. member was talking about the name this company had, and the choice of the new name which we are being asked to approve. I submit that a discussion of the two names would be quite in order.

Mr. Barnett: Well, Mr. Chairman, I seek some guidance from you. I was dealing with one of the arguments that has been advanced by the applicant company in respect of its desire to have the name changed from London insurance company to another name. This desire arose partly because a number of companies operating in Canada used this name. I was in effect underlining that argument. I seek guidance as to whether it was this aspect of my remarks to which objection was taken, or whether you were suggesting that a reference to the different types of insurance in which these companies engaged breached the rule of relevancy.

The Chairman: The hon. member is an experienced parliamentarian, and he knows that the Chair is not going to argue with him. The Chair does suggest that the question before the committee is a simple one and expects hon. members to confine their remarks to the question before the committee.

Mr. Barnett: I certainly know the rules well enough to realize that the Chair is not going to argue with a member. I also know the rules well enough to realize that it is not normally expected a member will argue with the Chair, although from time to time we are permitted to make certain representations. However I will attempt to follow your suggestion to the best of my ability. If I do stray from the point, I know you will call it to my attention, Mr. Chairman.

[Mr. Barnett.]

As I said at the outset of this portion of my remarks, I was making reference to the argument advanced by the applicant company through its parliamentary agent, that the name London and Midland General Insurance Company, under which they are operating, is duplicated by quite a number of other companies operating in the same field of general insurance. I referred to a list of companies, and gave the source of that list. I was going to indicate that not only was there duplication of name but also duplication in the nature of the operations of these companies. I had made reference to the existence of the London and Edinburgh Insurance Company Limited. Then, there is the London and Lancashire Guarantee and Accident Company of Canada.

• (6:40 p.m.)

Now we come, somewhere at midpoint in this list of companies with the name "London" in their title, to the London and Midland General Insurance Company, Keith R. Kirkpatrick, manager, London, Ontario. Then we have the London and Scottish Assurance Corporation, Limited; the London Assurance, E. A. W. Paterson, chief agent, Toronto; the London-Canada Insurance Company, H. Douglas Coo, president and managing director, Toronto; the London Life Insurance Company, R. H. Reid, president and managing director, London, Ontario. So apparently there are two companies operating in London, Ontario with "London" in the name of the companies at the present time. At this point we move to a slightly different set of alphabetical letters and come to the Loyal Protective Life Insurance Company and the Lumbermen's Mutual Casualty Company, terminating the list of companies in which the name "London" is used by existing incorporations in Canada.

To that extent, Mr. Chairman, one cannot argue that the desire of this company for a more distinctive name is not well founded. In my view that consideration is more important than the temporary situation of embarrassment that was created prior to the going into bankruptcy of London and Midland Insurance Company in the United Kingdom—that is, unless the Avco group, the owners of the London and Midland General Insurance Company of Canada, are fearful that some of the other companies operating under the name "London" are likely to follow the sad course that led to the going into bankruptcy of the London and Midland Company that was operating in the United Kingdom.

It seems to me there is some legitimacy in the desire to change their name on the score of duplication. As I have said, there may be some validity in the suggestion that they should be clearly identified for what they are—a foreign owned company controlled by some sort of holding corporation in the United States.

I think these are considerations properly of concern to this committee, though I sometimes wonder when it comes to a question of changing a name. In recent times we have had quite a few bills before us to change names. Many of these were concerned only with adding a French language name to the official name of existing corporation. The proposal in this bill does both these things, and presumably we will not require another bill requesting authority for a name in Canada's other official language.

I remember the time when a lot of small loans companies were asking to change their names to those having a more salubrious sound. Beneficial Finance Corporation is one that comes to mind. I think it is clear that the company named in this bill has no motive of that kind in seeking to have its name changed.

As the hon. member for Timiskaming pointed out, the name itself is a very unintelligible grouping of words.

The Chairman: Order. I must advise the hon. member that the time allotted to him has expired.

Mr. Germa: Mr. Chairman, on first inspection this bill appears to be a simple one, unworthy of more than two or three minutes consideration. However, it is deceptive in that it does more than change the name of a company. It is in fact losing a company, so that in future we will not be able to identify this company by a known and a given name, that of London and Midland Insurance Company.

Each of us has a name, Mr. Chairman, and we have a name for a reason. If I did not have a name you would not know who was standing here. You might think that I was Sir Arnold Peters from Timiskaming. But you know in fact I am not, because I have another name. This is how we know one another. Therefore more importance should be placed on the names of people and companies, so that they can be clearly identified. This reminds me of a song that is quite high on the hit parade titled "People Have No Faces". It tells of a person who goes to a town where everyone has the same face and name, and he does not know one person from another.

I think we are sailing into dangerous waters by granting names to various companies without considering the confusion that this may cause among the general population. Recently I was informed by an insurance company with which I have a policy that the company had changed its name. I forget the company's original name, but the new one is Zurich Life Insurance Corporation. I do not know whether the new name appeared in a bill that went through the house, but as the Chairman knows I have not been here long and it could have been before my time.

At the time the company notified me that I was no longer insured with, I believe it was Continental, but was now a victim of the Zurich Life Insurance Company, they sent me all sorts of stamps and stickers to paste over the old name on my policy, so that I would not become confused when I had to refer to them. However, despite their attempt to try to straighten me out, there was some confusion. When you multiply my confusion by that of another 150,000 policyholders who had done business with Continental, it becomes easy to believe that a lot of these people are not sure whether Zurich is a legal entity, or even whether they are insured.

The same situation prevails in connection with this bill. A company, which had a rather formidable and identifiable name, has now turned to abbreviation, following what seems to be a trend in government circles. For example the Department of National Defence is abbreviated to D.N.D.

Mr. Mackasey: N.D.P.

Mr. Germa: Yes, everyone knows the N.D.P. is the socialist party. These initials are identified with the New Democratic party. We are quite proud of that, and if it makes it easier for hon. members, we do not mind being identified as the N.D.P. As long as you know who we are and what we stand for, then we are in business. Certainly there is no confusion in Canada about what the N.D.P. stands for.

• (6:50 p.m.)

Mr. Mackasey: What does it stand for?

Mr. Peters: We shall be pleased to answer that.

Mr. Germa: The hon. member for Verdun knows what the N.D.P. stands for, having at one time been addicted to our ideals. I do not know why he changed his outlook.

Mr. Mackasey: He grew up and matured.

Mr. Germa: I suspect the hon. member's reasons for changing, and one day I will tell him of my suspicions. I believe we are one of the foremost political parties in Canada.

An hon. Member: That's what you say.

Mr. Germa: I am saying that because it happens to be—

The Chairman: Order, please. I hope the hon. member will keep within the confines of this bill. I ask him again to pay attention to the narrow limits that are laid down in the bill, and to confine his remarks thereto.

Mr. Germa: Thank you, Mr. Chairman, I shall so confine my remarks.

I was talking about identifying various organizations. As the hon. member for Comox-Alberni said, because so many companies have the word "London" appended to their names—London and Scottish, London and Midland, and so on—this company wants to change its name to Avco General Insurance Company. I do not know whether it will be better off, since I am told the word "Avco" appears in the names of at least six Canadian companies, and that seven companies which include that word in their names operate in the United States.

Though this company seeks to remove the word "London" from its name I doubt whether the name change will accomplish anything. Never having dealt with them, I am not in a position to say. I was also wondering about the significance of remarks by the bill's sponsor, that 50,000 company shareholders live in Canada. That has nothing to do with the company's name, but I wonder if he was trying to say that the change of name will make the company Canadian owned. I hope that was not the intention of his remarks, because the Senate committee report says clearly that this company is a subsidiary of a United States parent which has "Avco" in its name.

We should scrutinize this bill more carefully than some members seem to have done. The Senate committee says the company is changing its name to protect its reputation, and to get away from a similar name that has been associated with a company that went bankrupt. Whether that is the real reason for the change we cannot say. The reasons why entities and persons in society sometimes change their names are not always clear. When a person wants to change his name, either to escape from the law or for some other reason, he goes before the courts and they decide whether the change can be made. The ordinary person bears his father name. My name is that of my father.

An hon. Member: What is it?

Mr. Germa: It is on the list of members, if the hon. member cares to look at it. I am the member for Sudbury. You see, already there is an identification problem: He did not know who I was. My name is not written on my forehead the way an insurance company's name is written on its door. This insurance company seems to want to escape from some stigma associated with a name; yet I doubt if the change will accomplish very much.

Mr. Peters: Can the sponsor of the bill tell us why this company, formerly known as La Progressive Compagnie d'Assurances du Canada or, Progressive Insurance Company of Canada, changed its name to London and Midland General Insurance Company. It was incorporated under its original name in 1947, and in 1957 it adopted the second name. They change their name about every ten years —they are one year late this time, but maybe that is our fault and not theirs. Why did they change their name the first time?

The Chairman: Shall clause 1 carry?

Clause agreed to.

On clause 2—*Coming into force.*

Mr. Peters: Why shall this act come into force on the ninetieth day following the day on which this act is assented to, Mr. Chairman? Could the sponsor of the bill answer that? I do not see why these changes are to be made. We have allowed the company to transfer debts and so on. Why is it necessary to have this 90-day delay?

Mr. Mackasey: It has to do with the printing of the policies.

The Chairman: Shall clause 2 carry?

Mr. Peters: Evidently the sponsor of the bill will not explain. I just point out that here we have run into one of the difficulties we often encounter in this type of legislation.

Clause agreed to.

Preamble agreed to.

Title agreed to.

The Chairman: Shall I report the bill?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Mr. Badanai reports that committee of the whole has considered a certain bill and have directed him to report it, with amendment to the title of the French version. When shall the report be received?

Some hon. Members: Now.

Mr. Deputy Speaker: Mr. Lind, seconded by Mr. Neveu, moves that the amendment to the title of the French version of Bill S-25 be now concurred in. Is it the pleasure of the house to adopt the said motion.

Some hon. Members: Agreed.

Mr. Peters: On division.

Bill reported.

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

Some hon. Members: Now.

Mr. Peters: Next sitting of the house.

Mr. Deputy Speaker: At the next sitting of the house.

Mr. Barnett: Seven o'clock.

Mr. Deputy Speaker: The hour set aside for the consideration of private members business having expired, the house will now resume the business interrupted at six o'clock.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: It being seven o'clock I do now leave the chair.

At seven o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

DEPARTMENT OF INDUSTRY

25c. Amount to be credited to the area development account established by subsection 1 of section 5 of the Area Development Incentives Act and to authorise, notwithstanding section 39 of the Financial Administration Act, an increase to $275,000,000 in the total amount of commitments in the current and subsequent fiscal years for development grants under the said act, $11,000,000.

The Assistant Deputy Chairman: Shall item 25c carry?

Mr. Saltsman: I thought the item before us, 25c, would provide an appropriate occasion for considering some of the problems which have arisen in connection with the designated area program. What the program really underlines is the inadequacy of the entire Department of Industry and the failure of that department to live up to the high hopes which were held for it.

When I say this, I also want to indicate that I have been much impressed by the staff of the department. In many ways the department has some of the best personnel of any government department. I have on many occasions had the opportunity of consulting them on various questions which have arisen in connection with our local industries and on all those occasions I have found them only too anxious to be of help—and they have been helpful—and to do their best to assist.

The failures as I see them do not stem from any unwillingness on the part of the staff to be helpful but from the fact that frequently, I suspect, they are hamstrung by government policies originating outside the department, including tariff policies designed to protect certain of our large industries. For instance, an attempt to bring in certain kinds of raw or semi-finished material for additional processing in Canada ran into a wall. In these circumstances it is difficult for small companies to get off the ground, as it were. In one case we had an opportunity to assist a small company which needed raw material from the United States. The companies which were able to make this material in Canada did not wish to do so, certainly not in the quantities desired. Yet they behaved like dogs in the manger and stopped the material coming in by using the argument that some day they might choose to make this material, and therefore they needed protection.

The department has been hesitant and cautious in its operations. Too much so, in my opinion. The program began with one set of criteria and then another was introduced. Neither has proved adequate. It seems to me the department is confused about its objectives. I would have thought the Department of Industry would have been primarily interested in the growth of secondary manufacturing in Canada. Unfortunately this has not apparently been the case, despite the fact that our growth in this area has certainly not been adequate in terms of our resources or potential. We have fallen behind other countries in

our productivity, until at the present time I believe we are in thirteenth or fourteenth place on the list of industrialized nations as far as per capita productivity growth is concerned. Our industrial efficiency has, I feel, been sacrificed for the sake of limiting unemployment in some areas. No one argues against the great need to limit unemployment whenever possible. It is deplorable, and it must be lessened wherever it exists. The question, however, is: Can one correct this situation through a program such as the designated area program? I think the answer must be, no.

Consider the areas which have the highest levels of unemployment, areas which do not have much potential for growth. We can see that the designated area program has not been of great assistance to them. It seems the program has been most successful in introducing industry into areas close to industrial centres. One has the feeling that industries have simply been persuaded by bonuses into locating in areas where they might well have gone anyway.

One of the central problems with which the department should be dealing is the slow rate of increase in productivity. The record in Canada is not good. One recent study indicated that in Canada there was probably 29 per cent more capital invested per worker in secondary manufacturing industry than in the United States, yet despite this our productivity was some 30 per cent lower than productivity south of the border.

I do not think the blame for this can be attributed to labour. I think the responsibility for productivity is a responsibility of management. Even the responsibility of management is limited to a certain extent by the fact that in this country we have an unfortunate, dinky toy industrial structure, modelled on that of the United States, a structure which is inefficient by American standards because of the small size of the domestic market. Yet despite this limitation it contains almost as many competing firms as does the vastly larger United States market.

• (8:10 p.m.)

There is a need for rationalization of our industries. People in the department are aware of the problem; it is not news to them. They have written on the subject and made speeches on it. They have pointed out the problems in our furniture industry. I understand a study is taking place at present, but I can find nothing that has been done in the rationalization program.

The minister may reply that a type of rationalization has taken place under the Canada-United States auto agreement. I would agree with him that it is a type of rationalization, but I hope it is the last of this type of rationalization that we will see. Because of the long runs that are necessary, almost continental runs, because of the wide range of lines and choices in automobiles required by the public, when the agreement was made we may not have been in a discretionary position regarding rationalization of the automobile industry; but had we taken action years ago in anticipation of the developing problem, something might have been done. We might have done what European countries did. They developed specialities. They developed particular automobiles suitable for their climate. They exported those to other nations, and in return imported models not available from their own production. In that way we could have established a rational automobile industry. However, that possibility is no longer open to us.

While many of us have been forced to give reluctant approval to the kind of rationalization that took place under the Canada—United States auto agreement, we feel quite strongly that this kind of approach should be dropped. It is sometimes argued that continental integration brings great benefits to Canada. Some of the benefits can be demonstrated; others cannot.

I would like to deal with farm machinery, which for a long time has been an integrated industry. There has been free trade in farm equipment between Canada and the United States, yet it is hard to see that major benefits have resulted from this type of North American integration. A report was prepared for the Massey-Ferguson Company by Hedland and Menzies, the purpose of which was to demonstrate why Massey-Ferguson could not pay parity wages with the United States. Had I been in a position to make a decision on that report I think I would have hidden it, because its conclusions are frightening.

The argument used to show why Massey-Ferguson cannot have parity wages in Canada is that the company has built its labour intensive factories in Canada and its automated factories in the United States, and if the wage rates were the same it would have to close down its factories in Canada. This may or may not be the case; I am not in a position to

judge, but the implication of this must surely shock every Canadian, to think that, after the opportunities for continental integration had been worked out, what the company was doing was placing in its factories in the United States rather than in its factories in Canada, the advantages and benefits to be gained from automation.

The only conclusion that can be drawn from that report is that unless we in Canada are prepared to operate on a permanently lower wage scale there will be few factories in this country. If our goal is to be that Canadians must continue to be placid hewers of wood and drawers of water, then continental integration will permanently condemn Canada to a lower standard of living.

The great need in this country is to find a more rational way of organizing our production. Professor Watkins' task force report, tabled recently, pointed out the fundamental problem of Canadian industry as being too many plants producing too many goods in too small a volume. Others pointed this out previously, but when the question of rationalization is raised everyone begins to picture deserted towns and factories, with this plant shut down and that plant shut down. I suggest that this does not have to be one of the end results of rationalization.

We need more specialization in our plants. Instead of our plants trying to duplicate each other's efforts, trying to make a complete range of products, they could effect economies by specializing in a few items. If this were done, all the plants now in existence could continue to operate. A study made comparing plant sizes in Canada with plant sizes in the United States showed that in many cases Canada had better and larger sized plants than the United States, but in most instances the Canadian plant was producing an infinitely greater range of products than its counterpart across the border.

As I say, the department is aware of this problem. The minister's officials know about it. What are they doing about it, and why are they not proceeding faster with the rationalization program? I would like to believe that the minister and his officials wish to do something about the problem, but are under certain constraints. In personal discussions I have had with the minister he has expressed his concern. He has demonstrated his knowledge and awareness of the problem. In his gentle way he has said to me, "Well, it isn't easy, and it's going to take a long time." We on this side are impatient. We know it is not easy but we are not prepared to accept that it is going to take a long time. I think the time can be shortened if there is sufficient political courage to act.

I hope that before too long some concrete proposals will emanate from the department to solve the lack of specialization and the high costs of our secondary industry. It is not good enough, as some economists suggest, to take away tariff protection from our industries and let them compete internationally. I am sure some of our industries would survive, but given the present structure of Canadian industry as a whole many of them would go down, and go down rapidly. Parent companies in the United States would say, "There is no point in our having a plant in Canada any more. We will simply ship our over production from the United States to Canada." A program other than simple tariff removal has to be developed. Tariff removal could be very useful once the rationalization program is implemented.

Perhaps there should be consultation with the various industries involved. They should be called together. The seriousness of the problem to Canada should be pointed out to them, and they should be asked to suggest some solution. They should be asked to find a way of co-operating with the federal government in achieving what in the long run would be a common objective for themselves and the nation.

• (8:20 p.m.)

One of the industries under consideration by the department was the furniture industry. About a year ago I read an article which expressed some concern about this industry. I do not remember the exact figures, but something in the neighbourhood of over 1,000 small furniture manufacturing industries are located in small towns, and in many cases they are the only sources of employment. What can be done about a situation of this kind? I think the Department of Industry could act as a marketing board for various small manufacturing firms. This would prevent many of them from duplicating sales efforts. Perhaps the department could act in the same way as do the automobile parts suppliers. It could seek out orders and then inform the various small companies of the orders, so that they in turn could place their bids. This would allow the small companies to specialize, rather than produce a wide range of products at tremendous expense because of tooling costs. I think

the Department of Industry should give serious consideration to this idea.

Perhaps the efforts of the Canada Development Corporation could be directed toward rationalization of industry, or perhaps that corporation and the Department of Industry could work together in this regard. These are some of the areas I hope the minister and his department will explore. Much of the work of this department seems to be isolated from the work done by other government agencies, provincial departments and their planning agencies. Agencies in the maritimes make recommendations which are negated or frustrated by proposals of the Department of Industry. One of these is the designated area program.

The entire maritime area, with the exception of the main cities of Halifax and Saint John, have been designated. Apparently these two cities are the only places in the maritimes where industrial growth is possible. If the objective of the department is to establish a small industry in every small town, perhaps it is carrying out its function. But if its objective is to foster growth and make sure that potential is realized, then it must change its attitude toward the designated area program. This program will not work out in the long run because various industries grow and then decline.

An example of this type of difficulty can be found in the electronics industry in Nova Scotia. The government of that province has had to bail that industry out of difficulty. As long as we continue to have one or two small industries in our small towns we are not being fair to them. I suggest that we are doing nothing but fooling them. At one time during the course of the debate in respect of the Department of Industry my remarks were not as mild as they are tonight. I referred to the designated area program as a cruel hoax. In this regard we are fooling the people and giving them a false sense of security. Because an industry has been established in a small community, the people look forward to employment and feel there may be a future for their children. Technological advances create rapid growth and rapid decline in industry. Very often the employment that exists today will disappear in the future.

For humanitarian and social reasons I should not like to see the development of a program which would take people away from their homes, and the associations which are important to them. Even if it can be demonstrated that this is the most efficient way of doing things, there must be some balance between efficiency and humanitarianism. There has to be some balance between social plans and industrial efficiency. One of the areas we should examine, to obtain the maximum benefit from both, is the concept of growth centers. I have in mind specific areas in all parts of Canada which could absorb the surplus working population, and the young people who are moving from the farms and small towns where growth is negligible. In this way employment opportunities could be provided for these people.

It is possible in a city such as Halifax to have a variety of industries. There is stability in this situation, because as one industry declines another may grow; yet the employment opportunities remain about the same. The people who might be moved into Halifax could be moved from other parts of the province and would not be far from their homes or associations. They would be much happier under these circumstances than if they were moved from that province to Vancouver, for instance. Anyone who knows the maritime people is aware of how deep their roots are and how important to them are their associations. With growth centres and long range employment prospects we would have employment opportunities and an improved standard of living.

In some ways the designated area program gives us the worst of two worlds. In a private enterprise system people are supposed to know the best places to locate, because of long range employment prospects. The argument in that regard is being offset by the designated area program because it interferes with that type of planning. These areas do not get the benefits of industrial organization or planning on the basis of growth potential. As a result of this program we see a distortion of industrial planning.

Although this program may have been conceived with the best intentions it simply is not adequate in this country, which is rapidly becoming industrialized and needs greater growth and productivity than now seems to be taking place. It seems to me that the department has been saddled with impossible government decisions. It seems as though the cabinet does not know this department exists or what it is trying to accomplish, and perversely tries to destroy whatever good work it may be doing.

• (8:30 p.m.)

We had an example of this recently when the Minister of Finance brought in a budget that was intentionally designed, in our opinion, to create unemployment. When you have rising unemployment, such a policy aggravates the situation. If the designated area program is supposed to have been created for the relief of unemployment or to assist in solving the unemployment problem, why is the Minister of Finance trying to create unemployment? These two approaches are self-cancelling, and I am sure frustrating.

The manpower program is not adequate to meet our needs. We have a limited manpower program, especially in the mobility sector, which pays small sums of money to those who wish to move out of certain areas. The money paid is not sufficient to induce people to leave their homes, because when an area starts to decline there is a rapid decline in all aspects of its economy; there is a loss of market for things like housing and the other assets that are built up over the years by the ordinary workingman.

If we are to have a proper mobility program we must be willing to pay adequate sums of money to those who have to be moved. It is not enough to pay a man $500 or $1,000 to leave his home, especially if his home cannot be sold because of a declining market. You have to ensure that he suffers no loss.

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. gentleman but the time alloted to him has terminated. The hon. member for Timmins.

Mr. Martin (Timmins): Mr. Chairman—

Mr. Clancy: Sit down.

Mr. Martin (Timmins): I feel very badly, Mr. Chairman, because the first time I rise to take part in this debate somebody invites me to sit down. We have just listened to a very interesting and worth-while speech by the hon. member for Waterloo South who represents in the house a very highly industrialized riding. It is only natural that the remarks I make on this subject will be quite different from those made by the hon. member for Waterloo South, because I represent a very different type of constituency. My area does not have the problem of too much industrialization and all the other complex problems the hon. member brought forward with regard to the interplay between the United States and Canada—subsidiary companies, and so on and so forth. The area I represent would welcome a few of the problems outlined by the hon. member for Waterloo South. If they are very difficult problems to cope with, at least they would be very different from those with which we have always had to cope. As I think most hon. members know, my constituency is what is known in Canada as elephant country; it is an area of vast resources. We have only scratched the surface of some of these resources in the last 50 years. Anybody who knows this country realizes that its potential has scarcely been tapped.

The problems that have developed over the very short history of the north country are not those of overindustrialization but of no industrialization. The problems in this part of the country have been, ever since the first settlement in the area, like those of the milk cow; the produce has been taken away from the area, and that is the last its people have seen of it. It is only in recent years that governments both provincial and federal have seemed to take any cognizance of these facts, and two attempts have been made under the federal program to bring this area within those regions of Canada which need federal attention and assistance.

Unfortunately, as was pointed out so well by the hon. member for Waterloo South, while these programs have made great headlines in the newspapers, as far as the region I represent is concerned they have had very little, if any, effect. In fact under the first designated area program not one industry was induced to open up a business in my constituency. Then the government realized that perhaps the plan was not as effective as it might be and some changes were made. I am sure the minister would like the program to be effective. I do not think it is natural that any minister responsible for a program that received as much attention, headlines and whoop-de-doo as this one, would want it to be a complete failure. I think the minister would very much like this program to be successful and really accomplish something. But unfortunately, even under the changed terms of the program we have yet to see very much effect in the region I represent. I think the reason is quite simple. I do not believe the government has really looked into this area and considered the problems that it has. I do not think the government has made any really serious effort to try to cope with the problems of the area. If the government were

really interested in its program being successful and carried out any kind of study of the situation, it would find that the first place at which to start dealing with the problems is the transportation field. Many difficulties have been caused by the transportation policy of this country in the last 100 years.

It is quite possible that this policy had some sense at the time it was first introduced—and I am referring specifically to the policy which subsidizes the transportation of raw materials. We dip into the pocket of the taxpayer in order to subsidize the transportation of raw materials from outlying areas to built up areas or foreign markets in the United States, Europe, Asia or somewhere else in the world. Then we try to compensate for this by again dipping into the pocket of the taxpayer, and more particularly into the pocket of the consumers of the north, in order to pay artificially high rates for bringing back finished products.

This has been the history of the north country and other resource areas of Canada. We should appreciate the problem inherent in this situation, because for many years the United States was a country of tremendous raw materials and natural resources; but most of these resources have either been depleted or are within a few years of being totally depleted. Only in the northern part of this hemisphere and the northern part of our country do we have left vast amounts of natural resources. More and more the hungry maw of the manufacturing and processing industries of the United States and the whole North American continent will be looking with covetous eyes at the resources left on this continent. As I said before, these resources are not in the southern part of this country, but they are in the north.

Even in southern Canada, let alone in the rest of this continent, we have built up tremendous problems; problems of pollution, overcrowding, housing and land development. For example in eastern Canada we are even taking away some of the few fruit growing areas that we have left. They are bulldozing the fruit trees out and putting in factories to add to the congestion, the pollution problems, the overcrowding and the housing problems. We have two things in abundance in the great north country: natural resources—raw materials—and all kinds of space. But many years ago we got into the habit of thinking the economical thing to do is to dig out these resources in the north, reach into our pockets to subsidize the raw materials, take them down south to the factories where the population is, and then dig into our pockets to try to find some way to assist in housing, to clean up pollution, or to do this, that and the other thing.

[Mr. Martin (Timmins).]

• (8:40 p.m.)

I wonder if we have ever really looked at the over-all situation and stopped to figure out just what is costly and what is economical. If we do this sensibly, we will find that the so-called programs of assistance for the undeveloped areas, as the hon. member for Waterloo South pointed out, have worked reasonably effectively in areas close to industrial regions. This is the only place where we have seen any really effective result from these programs put out by the federal government.

But it is time we took a closer look at the over-all situation. Let us take a look at the region I represent. We produce gold, copper, zinc, silver, asbestos, iron: You name it, it is there. But what do we do? We ship the copper to the province of Quebec, to Sweden or to Japan. We ship zinc to the United States. We ship silver God knows where. We ship asbestos to the United States over railways which we built and subsidized with the taxpayers' money to provide jobs for people in other countries to process our raw material. Yet we have in the north country the problem of underdevelopment.

The people of the north country are sick and tired, when this problem is brought to the federal attention, of hearing from officials that this is under provincial jurisdiction, and, in turn, of hearing from provincial authorities that there is nothing they can do about it, that this is under federal jurisdiction. They are sick and tired of this game of ping-pong which has been going on for so long. I attended meetings last year where it was suggested, and I know there is a strong feeling that it is time the north country broke away from the rest of Canada. This feeling does not go by provinces, but runs right across northern Manitoba, northern Ontario and northern Quebec, because the people in northern Quebec feel they have far more in common with northern Ontario than they have with Quebec city, and the people of northern Ontario say they have far more in common with the people in Noranda, Rouyn, and Val d'Or than they have with the city of Toronto. The same thing occurs right across the northern resource area. The reason for the great difficulties we are experiencing at this time in

holding our country together is this lack of realization and lack of understanding of the problem. This is why our country is in danger of flying apart at the seams. I think it is high time this government, or any government, realized this.

Mr. Korchinski: This sounds like the C.C.F. in the years from 1934 to 1944.

Mr. Martin (Timmins): In 1934 to 1944 they saved one province. Perhaps we now have a chance of saving the country.

This is a problem which I would like to draw to the attention of the minister. If he can show me where the present designated area program or the one preceding it has established one industry in this area, I would like to know about it. I have attended meetings at which officials of the department have explained the program and the benefits to be derived from it. It looked very good and the people attending the meetings were very enthusiastic. However, when they looked a little deeper into it they realized it would not work. This program was completely ineffective in areas in which they hoped to develop industries. I think it would be far better if the government devoted its energy, its brains and its time to linking secondary industries to the resources of the north.

Two or three years ago all of us in Canada were very impressed and very pleased by the tremendous discoveries by the Texas Gulf Sulphur Company ten miles north of Timmins which brought in possibly the biggest ore deposit in the world of zinc, copper and silver. By the time this company is fully developed it will be the biggest silver mine in the world, it will certainly be the biggest zinc mine in the world, and if the copper content comes up to expectation it will be one of the biggest copper mines in the world. From the information which I could gather there is a sufficient supply there for the next 75 to 100 years. However, a year after the mine went into production, processing 10,000 tons a day all we saw were trainloads of zinc concentrate being taken south and trainloads of copper concentrate heading for Noranda.

Gold mines were closing down, and I will have some more to say on this when we reach the estimates of the Department of Energy, Mines and Resources. Gold mines are closing down again, as a result of the policy pursued by this government, and the future of this tremendous area is as uncertain now as it was ten years ago. As I said, if the energy, brains and resources of this government were directed toward a sensible policy with regard to the smelting, processing and manufacturing of the ores that are right there, the jobs would be where the ore is. Surely with all the waste contained in the concentrates, it is far more sensible and economical to ship the finished product, particularly in view of the transportation problem in this country of large areas. Surely it would be much more economical to ship only the finished product than it is to ship the concentrates, with their 40 to 70 per cent waste which has to be transported and eventually thrown away after being processed at some future time, and in some other country.

I can recall being told many years ago about the big asbestos mine 15 or 20 miles from where I was born, in the constituency of the hon. member for Compton-Frontenac, one of the biggest asbestos mines in the world for the last 90 to 100 years. Even at its peak production Thetford mine at Black Lake employed only some 1,500 or 1,600 men. The processing and manufacture of that product provided 20,000 to 28,000 jobs.

This is what the government should look at and try to correct. This is what we should be doing if we want to build up this country. This is what we should be doing if we want to hold this country together and not make people so frustrated they will expend their energies in trying to break loose to go out on their own because they cannot get people to understand their problems, or what should be done about them. This is the message I should like to bring to the minister tonight. I feel this government should look at the problem in this light, to see if something cannot be done this year.

• (8:50 p.m.)

Mr. Barnett: As I was listening to the hon. member for Timmins talk about the area he represents, I was looking at this map, which has some green areas on it. You have a lot of little Irelands in Canada. These are the designated areas under the area development program. Just by way of an aside, I heard the hon. member for Timmins talking about the north. I feel this is quite a relative term in Canada, because the area to which he refers is actually south of the area I represent in Canada, and that is considered to be in southern British Columbia. This area has some similarity to the area surrounding Timmins, to the extent that it is basically

referred to as a resource area. On more than one occasion in this house I have listened to members representing resource areas discuss the problems of the people they represent, whether it be a gold mining area in northern Ontario or a coal mining area in Cape Breton.

On these occasions, I have had some inward tremors concerning the future of the area I represent, which is generally regarded as a fairly productive area now and one of the higher wage districts in Canada. Unemployment levels have been relatively low. I am as aware as the hon. member for Timmins of what is happening to some of the resources that lie within the area I represent. When he talks about trainloads of concentrates moving out from the new Texas Gulf sulphur mine in the Timmins area, I immediately think of the shiploads of iron and copper concentrates that are moving out of the area I represent. It would appear, on the surface at least, that certain interests are being allowed to high-grade the most easily accessible sources of these minerals. The concentrates containing very little Canadian labour content, are shipped overseas to another part of the world.

Like many Canadians, I find myself asking whether this procedure is in the long range interests of this country. What do we get out of this? Somebody gets a few dollars. I have in my constituency what I have been told is the second largest underground mine in British Columbia, next only to the famous Sullivan mine in the constituency represented by the hon. member for Kootenay East. I have no way of knowing what this mine is providing for its owners, because I understand it is owned by a private United States corporation which is under no requirement to make public its financial position. All of the product from this mine, after some preliminary processing, goes by conveyor belt directly into the hold of a ship. There are probably a couple of hundred men employed in this operation.

These are the kinds of questions we find ourselves asking. It is true that what is often referred to as the major resource in my area is called a renewable resource, because we grow some rather large quantities of trees in the area. As I pointed out in a question to the minister of forestry, we have in my constituency one of the major companies in this field in the whole of Canada, one which in its own right is rapidly becoming something of an international corporation. The chief forester of this corporation has been suggesting that under present methods of using forest products we are going to experience a shortfall in available supplies to meet expected market demands. This raises the whole question of whether the present methods for perpetuating, managing and developing the future of this resource industry are adequate.

Now, Mr. Chairman, there is not one of these little green Irelands, as somebody called them, on this map within the area I represent. There is one which covers the coal mining area in the southeastern corner of British Columbia and the adjacent area of Alberta. The only other one is in the famous Okanagan valley. I have never had the opportunity of really looking into the reason this area is a designated area. I have travelled through the area on a number of occasions and a good many of the communities appear to be rather prosperous. Some facetious questions have been asked in British Columbia concerning why the only depressed area in British Columbia should be the one represented in the legislature by the premier of that province.

However, it has been suggested to me seriously that the only reason this particular area of British Columbia qualified was the rather artificial definition for these areas as contained in the act. The criterion flows from the exceptional nature of the degree of unemployment in the area. It has been suggested that this calculation was arrived at because the figures for the unemployed included a large number of people who are only seasonal workers in the fruit industry, and who have no serious intention or desire of being permanently in the labour force. I do not know whether the minister would care to reply to these allegations, but certainly I have heard them made on a number of occasions. This does lead one to wonder whether or not the two acts to which the estimate before us is related, the Area Incentive Development Act and the Department of Industry Act, are as they should be.

• (9:00 p.m.)

The Department of Industry bill was assented to and became law on July 22, 1963. The other act was assented to on June 30, 1965. So that the area of operation under which this particular vote comes is one that has been in existence long enough for us to begin seriously to attempt to assess whether or not the objectives outlined by the government in introducing the bill to parliament are justifiable, and whether the act is fulfilling the purposes stated for it.

I am glad the minister who is piloting this estimate through the committee is here tonight wearing, as I suggested this afternoon, his other hat from the one he was wearing as the Minister of Defence Production. The minister will recall that I raised certain questions arising out of communications I received about there being established in part of my constituency a designated area, and also expressing concern over the obvious vulnerability of the economy to any change in the scale of operations, or possible closure of a major defence production installation. The minister gave me a very brief answer this afternoon on this matter, and I did not press him further because I felt that the questions that needed to be answered in some detail should more properly come within his responsibility as Minister of Industry.

This was the first inquiry with which I had had any first-hand experience. I have always had the feeling that any piece of legislation passed by this house could be assessed only in what I might describe as a microcosm, to see how it is actually working out and affecting the people involved in a particular set of circumstances. I have always attempted to assess the value of any particular piece of legislation or any operation of the federal government in those terms, as and when I had suitable opportunity to do so.

It is in this context that I make no apology for focusing the attention of the minister on a situation of which I have some first-hand knowledge. It was only by assessing that situation that I could best arrive at some conclusions of a very general nature, as to the validity of the act as it exists in its current form, as well as the degree of success of the operations of the Department of Industry, and in particular the area development program.

One of the matters I have been examining as a result of the inquiry I have received, in which I was assisted by the very fine co-operation given by the area development agency, is the manner in which the operation is conducted under the act. I should like to draw the attention of the minister to the terms of the sections that are comprised in parts II and III of the Department of Industry Act. As I read Part II, which has to do with the setting up of the area development agency, its terms of operation would appear to be very well restricted to those areas which are, or which are requesting to be, designated. In part III, which is headed "General", section 14 states:

> The minister, in exercising his powers and carrying out his duties and functions under this act
>
> (a) shall, where appropriate, make use of the services and facilities of other departments, branches or agencies of the government of Canada;—

Paragraph (b) provides for entering into agreements with agencies of the provincial governments; and paragraph (c) states that the minister—

> —may consult with, and organize conferences of, representatives of industry and labour, provincial and municipal authorities and other interested persons.

One of the questions on which I should like some clarification is whether or not in actual practice the area development agency and its officers are carrying out those functions of the minister that are described under part III of the act. That would appear to be the claim that was made by the regional co-ordinating officer for British Columbia when he indicated that he was endeavouring to work in close co-operation with the provincial department of industry and the minister of industrial development, trade and commerce of the province. He also indicated that he would be quite willing to discuss with the local interested parties and to advise on a proposal to establish a regional industrial development ocmmission, which was one of the proposals made in the brief to which I referred this afternoon when we were discussing the estimates of the Department of Defence Production. I did not wish to pursue this matter earlier in any depth because I thought it was more properly one outside the activities of Defence production and should be raised here.

There is another question I should like to ask the minister. In the correspondence I had with the local agencies I drew their attention to efforts that were being made in another direction to establish in this same area some sort of body under the ARDA program. I indicated that I had discussed this matter with the minister of agriculture of the province of British Columbia, who I understand is head of the ARDA agency for that province.

I also discussed this matter with the federal Minister of Fisheries in the hope that there might be a joint program under ARDA, and the legislation of the Department of Fisheries —because the matter to which I am referring related in part to some salmon spawning

streams—which would result in the development, expansion and stabilization of the economic base of this community, both in the field of agriculture and in the perpetuation of the fishery. This would be important not only from the point of view of the commercial fishermen, but also from that of the local tourist activity of salt water sports fishing.

Therefore, Mr. Chairman, co-operation is involved here under this particular area development program of the minister. I notice that the minister who is responsible for the application of the ARDA program is sitting not far from the Minister of Industry at the moment, so perhaps this is a good opportunity to ask questions that arise from the act.

Section 14 reads:

The minister—

That is the Minister of Industry.

—in exercising his powers and carrying out his duties and functions under this act

(a) shall, where appropriate, make use of the services and facilities of other departments, branches or agencies of the government of Canada;—

I assume that this includes the ARDA program and the agencies that operate under his colleague the Minister of Forestry and Rural Development.

• (9:10 p.m.)

It has been indicated to me that as matters stand in the area that I have been discussing, which I refer to as the Comox valley, at the present moment the incidence of unemployment is sufficient for there to be no question of the area being designated under the terms of the Area Development Incentives Act. On the other hand, as I said to the Minister of Defence Production this afternoon, this is the major segment of the local economy at the present time, and it has developed in the post-war period as a result of the retransfer of the Comox base, which was originally built as a world war II operating base, from the Department of Transport to the Department of National Defence. Can the Minister of Industry tell me what, in addition to the assistance that has been referred to by the original co-ordinating officer for British Columbia, he, in co-operation with the ARDA minister, as I will call him, and the Minister of Fisheries will do to ensure a stable economic future for this area, which I am convinced has real potential.

I tie these remarks in with the broader picture that was dealt with in more detail than I shall go into. I am speaking about the potential future of a resource area and the desirability of having people enter the area, either as workmen or as people setting up commercial enterprises or service industries, and of having the area developed for their benefit. The high grade minerals ought not to be taken out of it, so to speak, and the people who go in there should not be left high and dry, with the area reverting to some sort of barren wilderness at some point in the future.

In order to gain some appreciation of the operation of the departments concerned I have pinpointed the areas of operation of at least four operating agencies or departments of the federal government. If the Department of Industry Act means anything, somewhere in it should be the answers to the questions I have asked the minister. Perhaps he might give an answer, a joint answer, after consulting several of his colleagues who are responsible for the other departments concerned.

Mr. Peters: Mr. Chairman, I am interested in the area development program and I appreciate the concessions which allowed my part of northern Ontario to be designated. I am afraid I listened to our own propaganda and believed that when our area became designated the problems of northern Ontario would be solved. I am sorry to say that that is not necessarily true.

The designated areas program has a number of weaknesses, one of them being that it asks for provincial government co-operation. I am always unhappy when the federal government passes legislation that calls for the co-operation of provincial governments, since the legislation can only be as good as the lowest common denominator applicable to it permits it to be. Ontario I am afraid is not interested in development, and in this program the province of Ontario represents the lowest common denominator.

Not long ago we had an election in Ontario and as a result some interesting changes took place in northern Ontario. In particular, I wish to refer to the ridings of Timiskaming and Timmins. In both ridings the election was contested by an N.D.P. candidate and in each campaign the central issue was the need for additional development in northern Ontario and the lack of interest being shown in that development by the province. The Ontario cabinet minister who represented Cochrane South, which included Timmins and Cochrane, is without doubt a most capable

administrator; we shall hear more of him when the greater Ottawa metropolitan area is finally created. The Ontario cabinet minister in question did much for his area; in a Conservative way he did as much as he could. He was instrumental in having a hospital built, though there was some namby-pamby with that. It has not opened yet, because they have had difficulty getting staff. Also, he brought a college to the area, not because it was the best area for the college but because he could get the college to the area.

The Ontario cabinet minister fought his election, saying he had done as much as could be expected for his area. Shortly after that election I met the Speaker of the Ontario legislature overseas and I said, "What happened in northern Ontario?" He said, "Well, every time that cabinet minister asked us for something, we gave it to him; he got his new school and hospital—he got whatever he asked for."

I say, Mr. Chairman, that he did not bring to the area what the people of northern Ontario really needed, development. The people in the designated areas want jobs, but there is no potential for the employment of educated men in northern Ontario. Basic industry does not need educated men, except in a limited way; it wants a strong back and a weak mind. Our people in northern Ontario are being well educated; our educational system is as good as southern Ontario's—however good that may be.

An hon. Member: That isn't much.

Mr. Peters: That may not be much, I grant you, but in northern Ontario we are now as well educated as people are anywhere else. The meaning of this is that after a child has been educated, he must leave his area to get a job. Our general public has cottoned to this and they are not interested in quitting the area. They want jobs to be created in the area so that their children will have a future. That is what the area development program is about. Bearing that in mind, the area development program has been a failure, because the provincial government has not made it work.

In northern Ontario, where there are designated areas, the Ontario government has gone to the extent of taking over the original associations which they paid for and controlled, and that were set up by the municipalities. In my area there is the North Eastern Development Association, and in the Kenora area there is the North Western Development Association, both of which received contributions from municipalities making up their membership. It was said that these associations did not have enough money for what they were trying to do. They lacked any solid organization and they contained so many components that should a sentence be devoted to each component in a brief, the document would be unwieldy and almost impossible to understand.

That may have been true of our development associations, but under the Ontario government they are entirely useless and serve no function toward developing northern Ontario. Oh, sure, when it is election time candidates speak about this and that. They say, "The world is fine, so why rock the boat." Since these associations are now under the provincial government we should not rock the boat, especially since there are vested interests involved. That is the extent of the matter.

I, like the hon. member for Waterloo South, am impressed by the area development people. It is possible to be more impressed with them, but I agree that the people servicing the area development program are competent, top calibre people. Once the potential of an area had been established, further studies should be made to decide to what extent the nation is capable of transferring industries to take advantage of the opportunities there—the type of carrot, or inducement necessary to coax along the rabbit. The department would then be in a position to make some contribution to industrial development, especially in the field of secondary industry. But I think this is impossible when we are stupid enough to negotiate with provincial governments and say that the administration of the program is to be in provincial hands.

• (9:20 p.m.)

The provincial government in Ontario is Toronto—only Toronto. They are so stupid in government in Toronto that if they cannot see a thing from the legislative buildings it does not exist. I have heard people on the fringes of Scarborough say that they, too, are living in an outpost. If we are ever to benefit the areas of greatest need under this program it will be necessary to drop our partnership with the provincial governments and go it alone, providing not only money and know-how but leadership.

If the Minister of Industry is really concerned about the area development program

he will have to look at projects from the national point of view, and to hell with the provincial governments. I do not believe provincial governments are a sacred cow, and I do not believe all this junk about having a constitution. Anyone in his right mind knows that we have a British North America Act, which is not a constitution, and that this act can be amended when you are willing to give people what they want, as has been done before on a number of occasions. It is said the provincial governments will not go along with suggestions for change. I have heard people connected with the area development program say they have not been able to arrange meetings with their counterparts in the provincial governments. No wonder we cannot get the program off the ground when we are unable to talk with the people who are supposed to be our partners.

I should like to see more leadership. If necessary, the minister should begin by taking action in connection with only one or two projects. I would be willing to have those projects carried out in an area other than my own—Renfrew, for instance, or any other area where they have some hope of success. They should be carried through by the federal government, and I can tell hon. members that the people of Ontario are not going to raise objections on the ground of provincial rights; they will be happy to accept such programs in the absence of authority from the provincial government. It seems to me that this constitutional argument is a week excuse. The provinces are not really involved, in many cases, and should not be involved.

We hear a great deal of talk about separatism in Quebec.

An hon. Member: What do you have against it?

Mr. Peters: We have nothing against separatism. I am sure that the hon. member for Chapleau, the hon. member for Villeneuve, the hon. member for Timmins and myself, representing most of northeastern Ontario and the northwestern part of Quebec, have no differences of opinion on the subject we are discussing.

The problems which the hon. member for Chapleau raised this afternoon are the problems which affect Timiskaming, Timmins, Cochrane—yes, I am sure they also affect Sault Ste. Marie, Nickel Belt, Sudbury and the whole area. We are closer in our needs to the people of northwestern Quebec than we are to the southern part of Ontario—Toronto. Their problems are the exact opposite of ours, and they spend all their time trying to solve them. They have too many industries, industries which are growing so fast as to create all kinds of difficulties; we would be happy to have some of them.

The other day I was listening to a discussion among several people in the city of Montreal. One of those taking part is a millionaire who recently moved to Montreal—I suppose he has been there for three years now. He comes from northern Ontario. This man was talking to one of my hon. friends about the desirability of moving from Montreal; he did not find it a good place in which to invest and he was thinking of moving out of the area. He indicated that 600 companies were transferring from Quebec.

We have all heard about firms transferring from Ontario to Quebec, or from Quebec to Ontario. The flow has been taking place between Toronto and Montreal. I was surprised to find that this was not the way in which industry was flowing now; it was flowing into the state of Vermont to the south. This man is very interested in speculation; he is much concerned about the quality of his investments because he makes his living that way. For many years the state of Vermont has been considered as a backward rural area. Yet I understand the encouragement now being given by its government has already resulted in the transfer from Quebec of a large number of factories, and that other firms are considering locating in that state.

I am not familiar with the legislation in Vermont, but I have always been of the opinion that if suitable encouragement is given industry can be moved wherever a government wishes it to move.

• (9:30 p.m.)

It was not surprising that hydro developed in Quebec, a region which has one asset, power. They brought help in from Jamaica.

An hon. Member: Cheap labour.

Mr. Peters: I think the claim about cheap labour is a myth. A company may start with cheap labour but it does not take long for the unions to get it organized. There was one example of this in Barrie, where wages were 65 cents an hour, but that situation did not last long. There are a number of carrots that can be offered to have the bauxite industry established in Canada and not in Jamaica.

At one stage the Bata Shoe Company thought of moving its total enterprise to Canada, but the encouragement given it here was not sufficient. Other countries made concessions, and Bata plants were established in them. The old Massey-Harris company was a Canadian company. There was no tariff on farm machinery. A tractor cost the same price in one country as in another, except for transportation costs. One would have expected the Massey-Harris company to do all its manufacturing in Canada, yet today the Massey-Ferguson Company manufactures only three or four major commodities in Canada. The rest it builds in other factories across the world.

We in the Timiskaming area are happy with the federal government's share of the development that has taken place under the area development plan. Two factories have been built there, and they are modern and efficient. They are the first to make full utilization of forest products in northern Ontario, but eventually we must find other ways to develop new plants in that area.

On a number of occasions we in this group have mentioned how the authorities in England can direct industry into special areas where social capital, housing and employees are available for it. Industry over there has been refused permission to settle in areas where there is a shortage of social capital, of schools, hospitals, fire departments, police departments, housing, and land for industrial development. Other countries have tackled this problem much more effectively than we have in Canada.

I know that other hon. members from Northern Ontario would like to have their areas designated under the area development plan. When my area was designated we said we would do our utmost to help bring industry to it. Possibly I have failed in my efforts, but certainly the municipalities and the province have failed also in the assistance they could give.

The minister's officials have done all they could do. He has the people and the machinery to do the job. I am pleased with the type of entrepreneur assistance he provides, but I am unhappy about the program because of its weakness in securing participation and co-operation from the provincial government. I do not know what "Joey" Smallwood would do with this plan, but I think he would go for broke so far as his province is concerned if he knew the federal government was going to match its expenditures.

All the province of Ontario has done is provide salaries for two or three people on a council that the province is going to control. Such councils are so bad that I had great difficulty urging the municipalities in my area to support them. Obviously these councils are not making the contribution they should make. The minister should ask his officials what kind of support, assistance and co-operation they are receiving from the provincial authorities.

I am quite happy with the provincial representation we now have for northern Ontario. For the first time we have a number of people going to Toronto who are interested only in our problems. Previously we had members who went down to Toronto with their hands out and asked, "Would you give us something?" Now our representatives are demanding the machinery that will allow them to participate in the development of the entire area.

If this program fails, the minister may find that we in northern Ontario will develop co-operation of a very close political nature with our colleagues in northern Quebec, because we will be faced with the problem of doing the job ourselves. I do not know what the minister's answer will be, but I am sure he will not go to Toronto and knock his counterpart on the head. Instead he will be nice to him. In effect Ontario is Toronto, and that is as selfish as they come; it is an exceptionally selfish place. I speak not of the people but of the government that we have at Queen's Park, and it seems to me the change has to be made at that level. I am sure that my hon. friend from Kenora-Rainy River will agree with me that the co-operation we get from Toronto does nothing to further the development of the north. If his area were designated I am sure he would find exactly the same problem we are having. He would meet with a bottleneck at the provincial level.

The minister has an obligation to see that this plan works. If it works we will have increased employment, and the economy of northern Ontario will expand rapidly. Service industries will develop.

Mr. Reid: May I ask the hon. gentleman a question?

Mr. Peters: Certainly.

Mr. Reid: I would like to ask him if the much ballyhooed Ontario government loan grant plan has had any impact at all on his area? He will recall that this was a plan

designed to solve all the problems of the north.

Mr. Peters: It had absolutely no effect except at an election and even then it did not win any seats. It did not serve any purpose at all. If the provincial authority had spent all the money they said they were going to spend on solving the problems of the north there would be factories everywhere. It is not the government which will put in the factories that are needed, although I would not be opposed to that. If I were the responsible minister I would build factories and sell them to entrepreneurs, or find somebody to operate them.

• (9:40 p.m.)

The minister has an immense amount of talent in his department. If this talent were used, perhaps we could have one or two successful factories in each one of our areas. The situation would then be 100 per cent better than it is now. There is no point in waiting for the provincial government to give us some assistance because the Ontario cabinet does not appreciate our problems. Whenever they come to northern Ontario the officers of our chambers of commerce wine and dine them, and they end up with a great big northern Ontario hangover. Whatever they get while there does not stay with them long. They go back to Toronto, take a few aspirins, and then everything is cleared up again. Because they do no understand our problems they are unwilling to co-operate.

If the minister is dedicated to the idea of area development, and I think he is, he will have to consider the establishment of pilot plants in given areas. I think it would be better to do this under the area development plan than in the way it has been done in Nova Scotia in respect of Dosco and the Atlantic Development Board. I think by doing it under the area development program we could provide medicine that would be effective much more quickly. If the minister could establish one factory which would employ three or four hundred skilled people we could for the first time utilize all the graduate students from the technical school at Kirkland Lake. These people are highly trained, but there is no possibility of employment for them in northern Ontario. If a factory could employ these skilled individuals at high salaries this would in turn be of benefit to the established services in the area and would at least give us some hope of solving our problems.

[Mr. Reid.]

The hon. member for Kenora-Rainy River referred to a program which received headline coverage in the papers of northern Ontario. The provincial government announced that it intended to give funds at low rates of interest to help industrial development, and they suggested $1 million would be available. That sounds like a nice tidy sum, but anyone knows that it would only cover the cost of a small industrial development or factory, with a minimum of machinery. Not long ago the hopes of the people in northern Ontario were raised by newspaper stories to the effect that there was some anticipation of locating diamonds in the Kirkland Lake area. This never proved to be the case. We seem to be flipping from one promise or expectation to another, but none of them has paid off.

I do not know what the minister's views are about the constitutional issues the government seems to raise every time it decides not to do something. This is a bogey which is not of benefit to the people, but rather of benefit to vested interests. It seems to me that the minister will have to declare himself in regard to this kind of issue, and indicate what he is going to do regarding—

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. gentleman but his allotted time has now expired.

Item agreed to.

30c. To provide for the insurance, on a shared risk basis with the lender, in the current and subsequent fiscal years, up to an aggregate amount of $100,000,000 on such terms and conditions including the payment of such fees therefor as may be prescribed by the governor in council, of loans made before January 1, 1973, under the adjustment assistance program related to the Kennedy round agreements, by private lenders approved by a board established under section 15 of the Department of Industry Act to manufacturers in Canada who, in the opinion of the said board,

(a) require such loans to restructure their operations but are unable to obtain sufficient financing on reasonable terms without the insurance; and

(b) either

(i) are or are likely to be seriously injured by an increase in imports attributable to the Kennedy round tariff reductions made by Canada, or

(ii) have significant export opportunities arising out of the Kennedy round agreements;

and for greater certainty to deem the insurance referred to above to be a guarantee for purposes of section 27 of the Financial Administration Act, $1.

Mr. Gilbert: Mr. Chairman, item 30C refers directly to the adjustment assistance program which became necessary because of the Kennedy round negotiations. Perhaps I should

read it so that we will all be familiar with what it says. It states:

To provide for the insurance, on a shared risk basis with the lender, in the current and subsequent fiscal years, up to an aggregate amount of $100,000,000 on such terms and conditions including the payment of such fees therefor as may be prescribed by the governor in council, or loans made before January 1, 1973, under the adjustment assistance program related to the Kennedy round agreements, by private lenders approved by a board established under section 15 of the Department of Industry Act to manufacturers in Canada who, in the opinion of the said board,

(a) require such loans to reconstruct their operations but are unable to obtain sufficient financing on reasonable terms without the insurance; and

(b) either

(i) are or are likely to be seriously injured by an increase in imports attributable to the Kennedy round tariff reductions made by Canada, or

(ii) have significant export opportunities, arising out of the Kennedy round agreements;

and for greater certainty to deem the insurance referred to above to be a guarantee for the purposes of section 27 of the Financial Administration Act.

You will notice that this is going to be done for the sum of $1. When the committee on finance, trade and economic affairs met after Christmas it studied the Kennedy round agreements, and the implications to Canadian manufacturers, industry, labour and agriculture. The Prime Minister made a statement to the effect that there would be help for manufacturers in three main areas; by government insured loans, by direct loans and by shared agreement in respect of consultative services provided by the government. When he made that statement he said $10 million would be available for industry. Last year when the Minister of Finance presented his budget he said we must fight inflation by the traditional methods of taxation and cutting down on government expenditures. He was roundly applauded by the Conservative opposition when he suggested we should cut down on government expenditure. A short time later the President of the Treasury Board set forth in an hour-long discourse what those cutbacks would be. I think the government is going too far in cutting the promised $10 million to $1.

The purpose of the adjustment assistance program was to help manufacturers only. We in this party believe this is gross discrimination. Other ministers informed the committee that labour would get some support through additional benefits under the Unemployment Insurance Act. It was stated that before insurance was granted there would be some protection for the employees, in that the companies would have to give notice before any layoff. These were the only two items set forth in respect of labour.

The Minister of Industry and other ministers were questioned about this situation and it was obvious that they had not consulted with labour prior to entering into the Kennedy round negotiations. There was no consultation during the negotiations and none as a result of the negotiations. Therefore labour was completely left out and workers were forced to accept whatever small help would be provided under the increase in unemployment insurance benefits.

• (9:50 p.m.)

We spoke to members representing the agricultural industry. I asked them direct whether any government officials had consulted representatives of agriculture with regard to the Kennedy round negotiations. The answer was that prior to the negotiations there had been rather informal discussions with representatives of the agricultural industry, but during and after the discussions on the Kennedy round these representatives were not consulted.

The main bodies representing agriculture and industry were almost totally ignored by the government with regard to the effects of the Kennedy round negotiations. The only group the government is concerned with are the manufacturers. That is the reason the minister brings forth this item this evening, in order to help manufacturers in certain areas. The minister says: As a result of the Kennedy round we would like to restructure their operations. They may be seriously injured. That is the first ground. Second, the minister says that as a result of the Kennedy round negotiations there may be export opportunities with regard to which we should assist manufacturers. This is the help the minister is prepared to give industry to get it over the difficulty that has arisen as a result of the Kennedy round.

There was no consultation with labour, very limited consultation with agriculture, but full consultation and participation with the representatives of industry. That is the attitude adopted by the government with regard to this very serious problem. There are several questions I should like to ask the minister. The first is why we have this item of $1, when the Prime Minister said at the time that the government would make $10

million available. I should like to know why the minister is setting up an insurance fund under which the government will guarantee loans that manufacturers obtain either from approved lenders of the government or direct from the government. Why is it necessary that the government act as a lender of last resort in assisting manufacturers? One would think manufacturers could go to the banks and other lending institutions and make arrangements with regard to the changes that will take place as a result of the Kennedy round, without having to depend upon the government to insure loans they obtain through the banks and other lending institutions.

Why cannot the banks themselves, which have shown enormous profits in recent years—it has been a continual pattern of increasing profits for banks—take some of the risk in this matter? Why should loans they make be insured by the government? This means that if a manufacturer cannot keep up the payments on a loan, the government will step in. Surely if the government is going to step in it will cost more than the $1 provided in these supplementary estimates.

I should like the minister to make a statement about how much he anticipates this program will cost. I know that according to the item the loans will continue for a period of five years. A projection should be made by the high priced officials in the minister's department, who are always ready to guide and service him with regard to these problems, as to the cost of the program. The minister should tell us what the actual cost will be.

We should also have from the minister a statement with regard to the interest rates that banks and lending institutions will be allowed to charge in respect of these loans. The government is to be the lender of last resort, much like the Industrial Development Bank. We know that the Industrial Development Bank is a lender of last resort for industries which cannot obtain loans direct from the chartered banks. We know that the interest rates of the Industrial Development Bank are a little higher than those of the banks. Surely the minister should place some limitation on the interest rates that will be chargeable by the banks in respect of loans which will be insured by the government. I think we should be given the answers to these questions.

When the minister appeared before the committee he gave a very glowing report of how beneficially Canadian manufacturers will be affected as a result of the Kennedy round. He was all encouragement to the manufacturers, but he forgot to mention that the government has made a value judgment and is going to depend upon the development of secondary industry, much to the detriment of Canadian manufacturers in the development of exports. This is one matter he did not really develop in his report to the committee.

Another matter on which the minister should give us more enlightenment is whether he is prepared, even at this late stage, to consider the TAB, the transitional assistance benefits, payments which some industries received when the Canada-United States auto pact came into play. I think he should give us the reasons for the TAB program not applying to the Kennedy round negotiations in respect of labour. When one considers the shabby treatment labour has received as a result of these negotiations, the least the minister and the government can do is set forth a TAB program to help workers who will suffer as a result of the Kennedy round negotiations.

These are some of the problems with which the minister should deal. When I questioned him about the Canada-United States auto pact he waxed eloquent and said what a wonderful pact it has been. However, he dealt quite lightly with the problem of parity of prices as a result of the Kennedy round. I should like to hear what the minister has to say about this policy.

Mr. Chairman, it is ten o'clock. Perhaps the minister wants the evening to prepare the answers to some of the questions that have been asked.

The Assistant Deputy Chairman: Shall vote 30c carry?

Some hon. Members: Carried.

Mr. Peters: Ten o'clock.

Mr. Drury: Mr. Chairman, this discussion is so interesting that I would be quite willing to continue if we could get agreement to pass the estimates tonight. Let us not interrupt these estimates.

Some hon. Members: Agreed.

Mr. Peters: Ten o'clock, Mr. Chairman.

Some hon. Members: Filibuster.

Resolution adopted in committee of supply this day reported and concurred in.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

INCOME TAX ACT—INQUIRY AS TO EXAMINATION AND APPROVAL BY JUSTICE MINISTER

Mr. Robert McCleave (Halifax): Mr. Speaker, last week B.S.A., before the silly age, set in, I asked the Minister of Justice (Mr. Trudeau) a question on March 13 which may be found at page 7587 of *Hansard*. I asked him whether he had examined and approved the tax bill ruled upon Monday in this house. The minister replied:

> Mr. Speaker, this is a question of departmental administration. I am not sure that I am required to answer it under the rules.

I wish to suggest this evening that this is not a matter of departmental administration but a question of ministerial responsibility. I will refer to the Bill of Rights, chapter 44 of the acts of parliament of 1960. Section 3 reads as follows:

> The Minister of Justice shall, in accordance with such regulations as may be prescribed by the governor in council, examine every proposed regulation submitted in draft form to the clerk of the Privy Council pursuant to the Regulations Act and every bill introduced in or presented to the House of Commons—

What it boils down to is that section 3 requires that the Minister of Justice examine every bill introduced in the House of Commons. Apart from the requirements of the Bill of Rights, I think it would be obvious that it is the duty of the Minister of Justice to examine every piece of government legislation. After all, he is the chief law officer in this place and the chief legal adviser of the government, and unless times have changed drastically, he is probably head of the cabinet legislative committee, which at least existed under former administrations and I suppose also exists under the present one.

The minister's answer seems to me to suggest that it was the duty of his departmental officials and not of himself to examine the particular legislation, the taxation measure part of which was found out of order. I suggest that in a parliamentary democracy a minister cannot hide behind public servants or his officials. Indeed I suggest that the reverse is true, and that public servants are entitled to every last ounce of protection that a minister can give them. I find the answer even stranger when it comes from a man who aspires to the highest office, the head of the government of this country with 200,000 or more public servants to speak for.

Perhaps there are some reasons for it. The minister in chapter 2 of his "Canadian Charter of Human Rights" tends to make light of the Bill of Rights. He properly points out that it is not enshrined in our constitution, that therefore it can be repealed, and thus is subject to the whim of any parliament. This is true. The Bill of Rights brought in in 1960 could be changed by act of parliament and could be repealed. But until parliament deals with it, I suggest that the minister's responsibility is to carry out every last provision of the Bill of Rights, to be its champion and protector; and above all, if the Bill of Rights tells the Minister of Justice or anyone else in the cabinet to do something, then that minister should hop to it and do exactly what the Bill of Rights tells him to do.

I am driven to make these remarks for two reasons. First, I think the minister has an obligation under the law to do what the law in fact directs him to do. We all recall some rather amusing answers given by ministers of justice in former years when asked whether they read all the provisions of the simple divorce bills which used to bedevil us. Ministers of justice at that time used to say stoutly that they had to see that individual rights were protected. No measure, whether it deals with the plight of specific individuals or deals with larger measures such as the taxes that are imposed on all of us, should escape the eagle eye of the Minister of Justice, if he is doing his duty.

The second reason I rise at this time to make the point arises from a sense of fair play. I believe the Minister of Finance (Mr. Sharp) has been pilloried unmercifully, particularly by the members of his own party, for the venture he was forced to embark upon when his taxation measure fell. It seems to me that the Minister of Justice, in his rather cavalier answer, should not be allowed to escape the fact that not only had he part of the collective responsibility for the health and welfare of that measure, but also he had a particular duty under the Bill of Rights to examine the measure to ascertain whether Canadian taxpayers, for example, were being put in double jeopardy in the sense that the issue had been decided one way, and then some attempt was being made to reverse that decision. For these two reasons, one a sense

of fair play and the other that the minister had a duty under the Bill of Rights, I have been moved to make these few remarks this evening.

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, first of all I want to apologize to the hon. member for the fact that the Minister of Justice, as a result of a very important commitment tonight, is unable to be present to give the answer.

As hon. members know, section 3 of the Canadian Bill of Rights requires the Minister of Justice to examine every bill that is introduced in the House of Commons to ensure that none of its provisions is in any way inconsistent with the purposes of the Bill of Rights. The minister is further required to report any inconsistency to the House of Commons at the first convenient opportunity.

The procedure is set out in order in council P.C. 1960-1782, "Canadian Bill of Rights—examination regulations". Under these procedures, the Clerk of the House of Commons transmits two copies of each bill to the Department of Justice after it has had first reading. When these are received, the deputy minister of justice examines the bill and certifies it as having been examined in accordance with the requirements of the Bill of Rights. One certified copy is then returned to the Clerk of the House of Commons and the other to the Clerk of the Privy Council.

In the specific case which prompted the hon. member's question, that is to say in the case of Bill No. C-207, the procedure I have just described was duly complied with. The minister was familiar with the substance of the bill and in his opinion it did not offend, in any way, the terms of the Canadian Bill of Rights.

He points out also that, quite apart from the strict requirements of the examination regulations, every government bill receives the most careful consideration during the drafting stage and before it is introduced in the House of Commons. This consideration includes an examination of the bill with a view to determining whether its various clauses are, in all respects, consistent with the requirements of the Bill of Rights.

• (10:10 p.m.)

[*Translation*]

WINTER WORKS—INQUIRY AS TO PROJECT AT DESBIENS, P.Q.

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, on March 19 I took the liberty of directing the following question to the hon. Minister of Manpower and Immigration, as reported on page 7793 of *Hansard*.

What was the answer given by the minister to the letter sent to him by the mayor of Desbiens, on March 15, with regard to a winter work project estimated at $40,000?

I do not know whether the minister or his parliamentary secretary have on hand the letter signed by the mayor of Desbiens, a small municipality in my district, who is complaining, and rightly so, about the attitude of the federal government, and particularly of the Department of Manpower and Immigration, which appears discriminatory towards him.

The reasons on which the request of the mayor of Desbiens was based can be summarized as follows: That municipality has some 2,000 inhabitants, 4 or 5 of whom are farmers. This means that the remainder of the population is made up of labourers who, in part, are working at the St. Raymond paper mill. Now, since that paper mill has been operating at about 60 per cent of capacity, about 100 persons have been out of work for some time.

In December last, I understand that the municipality of Desbiens submitted a winter work project amounting to $28,000 but it was reduced by half. I do not know if the provincial or the federal government is responsible, but that project was reduced to $14,000. Imagine, Mr. Speaker, it was not an exorbitant amount to help 100 unemployed.

The municipal council then submitted another winter works program for $40,000; it was flatly turned down by the Department of Manpower and Immigration. It was claimed that the program did not meet the standards of the act. But, on reading very closely the letter to the mayor of Desbiens, one can rightly wonder whether all the neighbouring municipalities had met the legal requirements. I do not want to insinuate anything unkind about those municipalities, like Chambord and Saint-Jérôme, for instance, which carried out winter works programs worth $80,000 and $75,000 respectively, while Desbiens was limited to $14,000.

I sincerely believe that the request addressed to the Minister of Manpower and Immigration by the mayor of Desbiens is motivated, and I am willing to state positively that the department showed a lack of distributive fairness in allotting the winter works program.

As I said a while ago, I do not want to insinuate anything unkind about Chambord

or Saint-Jérôme, but it is still permissible to make comparisons.

Mr. Speaker, I protest energetically against the discrimination shown in the case of Desbiens, and I beg the hon. minister to revise his decision which deprives that municipality of the help to which it is entitled, on the same footing as neighbouring municipalities.

[*English*]

Hon. B. S. Mackasey (Minister without Portfolio): Mr. Speaker, I listened with a great deal of attention to the representations made by the hon. member on behalf of one of the municipalities in the province of Quebec. I was very pleased he stressed that he was not insinuating that there was any malpractice on the part of the department, or that the Minister of Manpower and Immigration (Mr. Marchand) was favouring one municipality over another. The hon. member was quick to emphasize this, so it is obvious that the decision in favour of one municipality as opposed to another must have been based on some criterion other than that of political patronage or favouritism of one sort or another.

I do not have the criteria in front of me but I am familiar with the winter works program. I was an alderman in the city of Verdun, in the province of Quebec, and I do know what an important role winter works projects play in some municipalities. If the municipality of Desbiens was refused a winter works project, then I am sure there must have been a logical reason. I do not think the hon. member can make much of a case if he pleads that some municipalities have received winter works they are not necessarily entitled to. For the most part the department applies the same criterion in each case.

I shall bring to the attention of the Minister of Manpower and Immigration tomorrow the particular case of this municipality and recommend that their application be reviewd, so that at least we can tell the hon. member the reason it was refused. I shall speak to the minister, if not tomorrow, then as early as Monday and try to ascertain why this particular project was refused and why similar projects in nearby municipalities were accepted.

• (10:20 p.m.)

POWER—COLUMBIA RIVER—REPORTED INCREASE IN COSTS

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this afternoon in the unavoidable and understandable absence of the Secretary of State for External Affairs (Mr. Martin) I asked the hon. gentleman's parliamentary secretary whether the minister had been informed by the government of British Columbia of the expenditure to date on the Columbia river project. I am glad to have the opportunity to deal with this question for a few minutes because some persons in my riding who are staunch supporters of the Liberal party have asked me to raise it, as have some supporters of the Tory party and of my own party. So I am strictly non-partisan on this issue.

I wish to deal briefly with the sequence of events. On April 13, 1962 the Prime Minister (Mr. Pearson) wrote the following letter to the secretary of the water resources committee of the chamber of commerce of Nakusp:

> Dear Mr. Waterfield:
>
> Your letter of April 12th has just arrived and I would like to assure you that it is imperative to renegotiate the Columbia river treaty.
>
> May I also assure you that all B.C. interests, particularly those of the water resources committee of Nakusp Chamber of Commerce, will be consulted by a new Liberal government before a final decision is reached.
>
> Kindest regards,
>
> Yours sincerely,
> L. B. Pearson

The Prime Minister sent the Secretary of State for External Affairs to undertake this chore for him. Need I add that the water resources committee of the chamber of commerce at Nakusp never saw the hon. gentleman at all; he completely overlooked them in his trip down the river on behalf of the Prime Minister. To indicate how much faith was placed in the Secretary of State for External Affairs I would remind hon. members that in 1965 the Minister of National Health and Welfare (Mr. MacEachen), then minister of labour, had this to say addressing a Columbia river treaty ceremony on Thursday, May 20:

> While there are many who deserve credit for what has been made possible, there is one man who perhaps was most responsible for the project going through. This is Paul Martin, who took over the negotiations at the time I spoke of when it looked as if the great gains made by the previous negotiations might be lost, and who proceeded to work so closely with Premier Bennett and his colleagues and with the United States representatives. It was this close association, marked by an atmosphere of determination and good-will, that made possible the results reflected in this ceremony here today.

Apparently this close association and this determination on the part of the Secretary of State for External Affairs was not enough for

Mr. Bennett, because I read in the Vancouver *Sun* of Thursday, May 11, 1967:

Asked for his opinion of the treaty, he said: "The treaty missed out. The thing that's at fault in the treaty is that it was signed too quickly."

He blamed federal authorities.

He was referring, of course, to the Secretary of State for External Affairs and expressing dissatisfaction with the hon. gentleman's role in this affair. He recognized him as the key man. The report continues:

Bennett said the arrangement made with Kaiser Aluminum for a dam on the Arrow lakes "was three times better than the treaty".

Imagine that.

The deal concerned the proposed construction in 1954 by Kaiser Aluminum or a $25 million dam on the Arrow lakes. It was championed by former Lands Minister Robert Sommers.

Here is the premier of British Columbia expressing serious dissatisfaction with what the Secretary of State for External Affairs had done in signing this treaty.

I might say that upon being questioned in the external affairs committee on Friday, April 10, 1964, Mr. MacNabb, now a deputy minister, gave certain assurances when asked about the costs of the project. I asked him whether he was sure that his estimate of the cost was correct. The question reads:

In view of the experience of British Columbia Hydro over a number of years—of course their projects would be much smaller than these—we know that the average exceeded the estimated cost by 50 per cent. I have figures supplied by a friend in the British Columbia Hydro. In view of that, what do you think of the assurance that these costs will not greatly increase over the next ten years?

In reply, both Mr. MacNabb and the Secretary of State for External Affairs assured us that the cost had been so accurately estimated that they would have $55 million left over with which to put generators into the Mica Creek dam. Later on, the Secretary of State for External Affairs paid tribute to Mr. MacNabb as a man who knew exactly what he was talking about.

I find, however, on reference to the votes and proceedings of the legislature of British Columbia for Thursday, March 14, that Mr. Strachan asked the premier a number of questions, among which was the following:

With reference to the payment of $274,800,000 received October 1, 1964, under the Columbia river treaty, was any of this money expended to December 31, 1967?

[Mr. Herridge.]

I will not go into the other details of the questions. Mr. Bennett replied as follows:

Yes. Duncan Storage, $30,090,387; Arrow storage, $144,119,555; Mica storage, $85,184,179; general development costs, $1,818,502; total including interest during construction and overhead, $261,212,623.

The government of British Columbia has now practically admitted that the figures which were vouched for by the minister and by Mr. MacNabb are inaccurate and that the government of British Columbia is being obliged to spend over $200 million more than was provided in the treaty signed by the Secretary of State for External Affairs.

When the Secretary of State for External Affairs was in Castlegar he addressed members of the Castlegar chamber of commerce at which time he assured them that the government of Canada—

—would not sign any treaty with the United States which did not provide sufficient money to pay for all the costs of construction of Columbia river projects in Canada.

These various gentlemen whom I have mentioned earlier want this question answered. They are extremely interested in it. I am glad the parliamentary secretary is here this evening; I apologize for keeping him out of bed. I hope that when he comes to reply he will answer this question. In conclusion let me say that in the joint engineering board reports Mr. MacNabb never refers once to the total expenditures on the Columbia to date. I should like the parliamentary secretary to tell me whether the Secretary of State for External Affairs has received these figures and, if not, why not.

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, in his remarks tonight the hon. member for Kootenay West (Mr. Herridge) has inferred that Canada got a poor deal out of the Columbia river treaty. The authorities, the people competent not only in the fields of engineering and finance, but also economists, differ with this view. Canada did in fact get a good deal out of the Columbia river treaty.

I have time tonight to refer to only one authority, a world renowned authority, Dr. John V. Krutilla. In a book entitled "The Columbia River Treaty" published late last year by the well known independent organization, Resources for the Future Incorporated, he said:

The benefit—on the order of $225 million to $275 million—can be regarded as the benefit to Canada from the Columbia River Treaty.

This, he said, is—

—measured by the savings in cost as compared with alternatives available to Canada.

I want to stress the fact that he said it is a savings in cost of $275 million. Dr. Krutilla, interestingly enough, did not think that the United States negotiators did anything like as good a job for the United States as the Canadian negotiators did for Canada. He went on to say:

After considering the problem of meeting the power supply and flood management objectives by such means as developing domestic storage and the Northwest-Southwest inter-tie, we find that the Columbia river treaty results in a relative loss to the United States of about $250 million to $375 million.

To recap, Dr. Krutilla is saying that Canada, as a result of the Columbia river treaty, is about one quarter of a billion dollars better off. The United States, on the other hand, will have lost at least a quarter of a billion dollars as compared with other alternatives. If I have a moment, Mr. Speaker, I would like to quote one further short paragraph from his book.

There is no doubt—

—said this world renowned authority—

—that Canada figured with a very sharp pencil. Analysis was used to illuminate policy choices and to evaluate the magnitudes in the trade-offs when economic and political, long run and short run, and similar conflicting objectives were being weighed in the balance—

Whatever its origin, maintenance of the distinction between technical analysis and policy choice was an outstanding Canadian accomplishment.

This is a world wide authority's opinion on the Columbia river treaty.

Motion agreed to and the house adjourned at 10.29 p.m.

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF DEFENCE PRODUCTION

6c, 7c, 8c, 9c, 10c.

DEPARTMENT OF INDUSTRY

1c, 25c.

HOUSE OF COMMONS

Friday, March 22, 1968

The house met at 11 a.m.

NORTHERN AFFAIRS

REQUEST FOR STATEMENT ON REPORT RESPECTING ADMINISTRATION OF JUSTICE

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to direct a question to the Prime Minister. I ask the question of the right hon. gentleman because it affects the operation of several departments of government. In the light of the very excellent report by Mr. Justice Morrow dealing with the administration of justice in the Northwest Territories, and in the light of some of the omission and defects which are indicated in the report, relating to the administration of justice and the needs of the people, would the government be prepared before prorogation to issue a statement indicating its views and opinions with regard to these recommendations?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this report has been given the careful examination its importance warrants, and I would certainly expect that a statement would be made regarding it before prorogation.

COMMONWEALTH RELATIONS

RHODESIA—REQUEST BY JAMAICA THAT CONFERENCE BE CALLED

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister. Recently the government of Jamaica has urged that a conference of Commonwealth countries be held to look into the situation in Rhodesia to see if anything further could be done because of the deteriorating situation there. Has the Prime Minister received any such request, and is he favourable to such a proposition?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I know the views of the government of Jamaica on this subject and I know they have made this request, but I also know that other members of the Commonwealth, including the United Kingdom, the member most directly concerned, felt that a conference on this subject at this time would not be constructive, although a Commonwealth prime minister's meeting is to be held, I believe, in the month of September.

Mr. Douglas: I have a supplementary question, Mr. Speaker. May I ask the Prime Minister whether, in view of the fact that most likely the Commonwealth conference will not be held fairly soon, the government is pressing for a review of the mandatory sanctions by the Security Council so as to discuss their effectiveness and see if anything can be done to deal more effectively with the Rhodesian situation.

Mr. Pearson: Yes, Mr. Speaker. The possibility of extending the sanctions and making them more effective is now being considered by the Security Council. There was also a meeting of the sanctions committee of the Commonwealth in London last week on the same subject, and the direction in which moves are being made now is to make sanctions more effective and to have those members of the United Nations who have accepted the sanctions which are already in operation apply those sanctions as they should be applied.

Right Hon. J. G. Diefenbaker (Prince Albert): I have a supplementary question, Mr. Speaker. In view of the fact that the hopes for success of the sanctions which were voiced not only in this parliament but also in the United Kingdom 15 or 16 months ago and that things have turned out quite to the reverse of the expectations voiced by the Prime Minister of the United Kingdom and the government of Canada, will the Prime Minister say whether there is any foundation for the suggestion that Canada is in agreement with action being taken to deny mail being received from or transmitted to Rhodesia?

Mr. Pearson: We are considering the extension of sanctions, as I have just said, but there are forms of action which would do more harm to the neighbours of Rhodesia

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than to Rhodesia itself. One has to be careful about applying sanctions which could hurt the victim rather than the other party.

Mr. Diefenbaker: Does the Prime Minister not agree with the suggestion that a veto on the mails would be a step contrary to international development and one that would constitute a dangerous precedent in the years ahead?

Mr. Pearson: There are international agreements covering the mails, Mr. Speaker, which would have to be considered in the light of any action that was proposed.

WATER RESOURCES

PEMBINA RIVER—INQUIRY AS TO MEETING TO CONCLUDE NEGOTIATIONS

On the orders of the day:

Mr. George Muir (Lisgar): I have a question for the Prime Minister. Has the government of Canada received a request from the minister of agriculture of Manitoba for a meeting on March 29, to finalize the negotiations between the two governments on the cost sharing of the Canadian portion of the Pembina river project in Manitoba and North Dakota?

Mr. Speaker: I doubt whether the question is acceptable, but because of the particular circumstances it might be allowed at this time.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): A request went to the Secretary of State for External Affairs, Mr. Speaker, and I have also been in communication with Mr. Weir on the subject. We are planning a meeting in the coming weeks.

SHIPPING

HALIFAX—PROTEST AGAINST PROPOSED INCREASES IN HARBOUR AND PILOTAGE FEES

On the orders of the day:

Mr. Robert McCleave (Halifax): I have a question for the Prime Minister of which I have given him notice in the absence of the Minister of Transport. Will the government look into the request of shippers and longshoremen that the proposed increases in pilotage and boat charges at Halifax be re-examined? The urgency arises from the proposed effective date of April 1.

Right Hon. L. B. Pearson (Prime Minister): I shall be glad to look into that matter at once with the minister. I will talk to him on the telephone about it.

[Mr. Pearson.]

BILINGUALISM AND BICULTURALISM

ST. LEONARD, QUE.—ALLEGED REFUSAL TO ALLOW BILINGUAL TEACHING

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): I have a question for the Prime Minister. In the light of the recommendations of the B and B commission regarding linguistic rights and the conclusions of the constitutional conference on the same question, can the Prime Minister say whether there has been any reference or protest to the bilingual and bicultural commission concerning the refusal of the school board at St. Leonard, near Montreal, to allow bilingual teaching in an area where 80 per cent of the taxpayers have requested English language schools?

Mr. Speaker: Order. I have some doubt whether the matter raised by the hon. member comes within the jurisdiction of any federal minister. However, if it does the question should be placed on the order paper.

EXTERNAL AFFAIRS

MIDDLE EAST—INQUIRY AS TO RENEWED HOSTILITIES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to address a question to the Prime Minister. Has the Prime Minister anything to report to the house with regard to the very frightening development in the Middle East? Has any action been undertaken by the United Nations to improve the situation?

Right Hon. L. B. Pearson (Prime Minister): As my hon. friend and the house know, yesterday Israeli armed forces carried out attacks into Jordanian territory. These Israeli forces, I understand, have now been or are being withdrawn. There seem to have been losses in men and equipment on both sides. As my hon. friend undoubtedly knows, the Security Council has been meeting since yesterday afternoon to consider the situation, and it is our hope that the council will be able to take action to bring about not only a restoration of the cease fire but a more effective observance of the cease fire in the future. I understand that resolutions are being considered now informally pending a meeting of the Security Council later this day.

These attacks have to be considered, Mr. Speaker, in relation to a series of exchanges that have taken place in recent weeks between Israeli and Jordanian forces and

continued sabotage activities in Israel. The government, and I am sure the house, deplore the acts of violence that have taken place between the two countries which, in addition to inflicting needless suffering on the local population, have prejudiced and made more difficult the task of the United Nations special representative, Mr. Gunnar Jarring, who is trying to assist the parties to attain a just and lasting settlement in the area.

We hope, and I know the house hopes, that both sides will exercise moderation and restraint and avoid steps that can only impede the establishment of peace. I hope it will also be possible to put United Nations observers into this particular area with the hope that this might help prevent a recurrence of these actions.

NIGERIA—PROPOSED INVESTIGATION BY UN HUMAN RIGHTS COMMISSION

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is addressed to the Prime Minister and is with regard to the difficult and tragic war that is taking place in Nigeria at the present time. I wonder whether the Prime Minister can inform the house whether our government has made representations at the United Nations for the UN commission on human rights to investigate this tragic war and make a report on the situation.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not aware of any such initiative being taken by the Canadian representative at the United Nations, but I will be glad to look into this matter and see whether it is under consideration.

Mr. MacDonald (Prince): A supplementary question on the same matter. Has our government expressed some dissatisfaction with the government of the United Kingdom and the Soviet union for taking sides in this bitter war?

Mr. Pearson: Mr. Speaker, I will be glad to look into this, but I do not know of any evidence that would warrant an intervention on our part with the U.S.S.R. and the United Kingdom in this connection or, indeed, an intervention on the other side.

PUBLIC WORKS

FRASER RIVER—INQUIRY AS TO AGREEMENT ON CONTROL PROJECTS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wonder whether I could direct a question to the attention of the Minister of Energy, Mines and Resources. Can the minister indicate whether an agreement has been reached between Canada and British Columbia with regard to the multi-million dollar flood control program in the Fraser valley?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I think the right hon. Prime Minister will allow me to say that the cabinet has given its approval to a draft agreement between British Columbia and Canada, subject to a few amendments I am to discuss with Mr. Williston, minister of lands, forests and water resources of British Columbia. I have every reason to believe that an agreement will be finalized within the next few days.

[*English*]

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, my question is for the Minister of Veterans Affairs. Has the minister anything new to report in connection with the Woods committee study?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I expect that the report will be presented to me some time later today by the chairman of the committee.

INDUSTRY

CAPE BRETON, N.S.—CONTINUED OPERATION OF MCBEAN MINE

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources further to the answer that he gave me on Tuesday last. Has he now received a report from the Cape Breton Development Corporation regarding the operation of the McBean mine, which employs 400 men?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, the situation of the McBean mine is becoming increasingly difficult, because Dosco now proposes, I am told, to announce the closing down of the mine. But as we wanted to avoid that

situation, at least for some time, I just got in touch with Premier Smith of Nova Scotia whom I am to meet tomorrow in this connection.

[*English*]

FINANCE

INQUIRY AS TO SALES OF GOVERNMENT HOLDINGS OF U.S. SECURITIES

On the orders of the day:

Mr. Max Saltsman (Waterloo South): Mr. Speaker, I should have liked to direct my question to the Minister of Finance but in his absence perhaps the Prime Minister would accept it. It is in connection with the announcement of the Minister of Finance on March 7 to the effect that Canada had agreed to invest our holdings of United States dollars in non-liquid United States government securities.

Have any sales of our present holdings of United States treasuries taken place? If so, has the government sustained a capital loss on the sales?

Right Hon. L. B. Pearson (Prime Minister): I would have to look into that matter, Mr. Speaker.

HEALTH AND WELFARE

PAYMENT OF PREMIUMS FOR MEDICAL CARE OF INDIANS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to ask the minister of health and welfare whether he has had an opportunity to look into the question I asked him yesterday.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have not been able to complete my inquiries, but I will do so as soon as possible.

INDIAN AFFAIRS

PROPOSED MEETING OF FEDERAL AND PROVINCIAL WELFARE MINISTERS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the minister of health and welfare. It arises from a recent statement by the minister of welfare of the province of Manitoba to the effect that three years ago the federal government made a commitment to convene a meeting of provincial ministers of welfare to discuss matters relating to Indian and Metis citizens. I should like to ask the minister whether his department or the government is making any concrete plans to convene such a meeting.

Mr. Speaker: The hon. member for Prince.

Mr. Schreyer: On a point of order, Mr. Speaker. I suppose the Minister of National Health and Welfare did not hear my question. Perhaps he could take it as notice.

Mr. MacEachen: Yes.

STUDENT LOANS

REPORTED PLANS FOR REDUCTION IN PROGRAM

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, normally my question would be for the Minister of Finance. Before I ask my question I ought to ask the Prime Minister whether he is considering some special award for the Minister of National Health and Welfare, who has stuck to his post while others have gone off elsewhere.

My question is about the Canada student loan plan. There have been disturbing reports over the last few days from Charlottetown that these loans are to be reduced by about 50 per cent. In the light of rising tuition and residence fees, can the Prime Minister assure us that the program is not to be reduced?

Right Hon. L. B. Pearson (Prime Minister): As a matter of fact I ought to consider a special award for my hon. friend who, I understand, became the father of a daughter yesterday.

Some hon. Members: Hear, hear.

Mr. Pearson: All of which gives me an opportunity of avoiding the question by saying I do not know the answer, but I shall look into it.

ADMINISTRATION OF JUSTICE

HAL BANKS—REFUSAL OF EXTRADITION BY U.S. GOVERNMENT

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Prime Minister. Has the government received any reply to the protest note sent to Washington in connection with the Hal Banks extradition?

Right Hon. L. B. Pearson (Prime Minister): I do not recall receiving one. I shall look into the matter as soon as I get to my office.

Mr. Ed. Schreyer (Springfield): I have a supplementary question for the Prime Minister. I am sure that the Prime Minister will recall a statement by his colleague the Secretary of State for External Affairs that the government was investigating the possibility of seeking international arbitration. Has this situation been explored?

Mr. Pearson: It has been, but I am not sure what the result is. Perhaps I shall be able to report to the house on this some time next week.

BRITISH COLUMBIA—REFUSAL TO HOLD TRIAL IN FRENCH

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, last week the Solicitor General took as notice a question concerning Suzanne Poulin, who was denied the right of defence in her own language in the courts of British Columbia. Has the minister now any information on the subject?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I believe this matter comes under provincial jurisdiction. However, I am pleased to advise the hon. member that I have been informed that an interpreter will be provided to the lady in question and she will be able to give her evidence in French. All the proceedings will also be translated to her in French.

AGRICULTURE

ADVERSE EFFECTS OF IMPORTS OF VEGETABLE OILS

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, my question is for the Minister of Agriculture, and in his absence perhaps his parliamentary secretary might take it as notice. Yesterday the minister promised to give me an answer to a question I had asked about the importation of vegetable oils which are having an adverse effect on the production of vegetable oil seeds in Canada.

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): May I take that question as notice, Mr. Speaker. If any information is available I shall try to give it to the hon. member today.

HUMAN RIGHTS

REPORTED DISCRIMINATION IN EMPLOYMENT CONTRACT IN NORTH

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, two days ago I asked the Prime Minister a question about reported discrimination in an employment contract in the north. The Prime Minister said a statement was being prepared and that the Minister of Justice might have that ready for yesterday. I wonder whether the Prime Minister or any other minister has that statement for today?

Right Hon. L. B. Pearson (Prime Minister): I have that statement, Mr. Speaker. It is very long, and the Minister of Justice hoped to make a shorter statement on the subject this morning. I understand he has been held up by the weather but hopes to be here by twelve o'clock, in time to make the statement. Otherwise he will make it on Monday.

Mr. Knowles: Perhaps he could make it on Monday on his estimates, if we get to them.

NATIONAL DEFENCE

OPERATION OF RETAIL OUTLETS AT ARMED FORCES BASES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of National Defence. In view of the fact that the Minister of Agriculture in a speech at Pembroke has criticized the policy of establishing Canadian forces exchange services in other than remote posts, could I ask the hon. gentleman whether the Department of National Defence intends to compete directly with private enterprise in this manner?

Mr. Speaker: Order. The hon. member knows he cannot ask that question in that particular form.

[*Later:*]

Mr. Dinsdale: I believe the Minister of National Defence wishes to answer the question I tried to direct to him a few moments ago, so perhaps I can rephrase it.

Mr. Speaker: Order. What I was suggesting to the hon. member was that his question should have been directed to the Prime Minister, to ascertain whether a statement made outside the house represented government policy.

Inquiries of the Ministry

Mr. Dinsdale: Perhaps I could rephrase the question in a way which would be acceptable to Your Honour while still directing it to the Minister of National Defence. Will the Canex marketing facilities to set up in settled areas as well as in remote posts, thereby competing directly with private enterprise?

Hon. Léo Cadieux (Minister of National Defence): I think I will put it this way. Although I am not a candidate for the leadership, I disagree with the Minister of Agriculture.

EXTERNAL AFFAIRS

VIET NAM—POSSIBLE VISIT TO HANOI BY CANADIAN REPRESENTATIVE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): Would the Prime Minister bring the house and the country up to date with regard to any visit to Hanoi which may have been made by a Canadian ambassador or representative of Canada in recent days? Would he tell us whether as a result of the discussions which have taken place between a Canadian representative and government leaders in Hanoi there has been any softening of the attitude of Hanoi in the direction of the negotiating table?

Right Hon. L. B. Pearson (Prime Minister): There have been no visits to Hanoi since that made by the Canadian commissioner a couple of months ago, I think, on which the Secretary of State for External Affairs reported to the house. The report, as the right hon. gentleman will recall, was not very encouraging. There has been no development since that time that I know of, certainly none which involves our commissioner, though I would be glad to look into it.

Mr. Diefenbaker: I wish the Prime Minister would, because there was a report on the radio this morning quoting the Secretary of State for External Affairs in Edmonton in connection with some visits which had taken place around or about March 6, visits which have not been brought to the attention of the house.

Mr. Pearson: I noticed that date, Mr. Speaker, and I made inquiries. I think that date was either misreported or given by inadvertence, and that the Secretary of State for External Affairs was referring to the earlier visit. But I have made inquiries.

[Mr. Speaker.]

INDUSTRY

CONTRACT BETWEEN ATOMIC ENERGY AND CANADIAN GENERAL ELECTRIC

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Minister of Energy, Mines and Resources; it relates to the announcement of a combined project as between Atomic Energy of Canada Limited and Canadian General Electric. Can the minister advise the house as to the purpose of this rather unusual situation in which a crown agency is combining with a private company?

Mr. Speaker: Order. I do not think this question is in order. The hon. member is asking for an explanation which should perhaps be made on motions or in the form of a written reply to a question on the order paper.

Mr. Aiken: Your Honour has been very lenient in view of the situation respecting the session. I was drawing attention to an unusual situation, and I thought the minister would be prepared to comment on it.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Such a "merger", as it is called in the press today, did take place yesterday, Mr. Speaker. The contract is for one year only, but it is expected to be renewed for a period of five years. It can be broken by Atomic Energy of Canada Limited after one year. I might add that there is enough work to keep Canadian General Electric going for one year on a contract with Pakistan, in particular. No extra expenditure is involved in connection with the 1968-69 budget. The purpose of the merger is to keep together the nuclear energy design capacity available in Canada partly in view of the possibility of selling Canadian type nuclear reactors in Rumania, Finland and elsewhere.

PUBLIC BUILDINGS

INQUIRY AS TO AWARD OF CONTRACTS TO NON-UNION FIRMS

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, in the absence of the Minister of Labour and his parliamentary secretary I direct this question to the Prime

Minister. Does the government's policy on awarding contracts for federal buildings permit the award of contracts to non-union firms?

Mr. Speaker: Order. This question could be placed on the order paper.

POWER

MINAS BASIN—CONTINUATION OF DEVELOPMENTAL STUDIES

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I wish to direct a question to the Minister of Energy, Mines and Resources. Would the minister be good enough to reassure the house before the session adjourns that there will be no cut-back in developmental studies for Minas basin tidal power?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): The possibility has not been mentioned to me, Mr. Speaker. I will inquire.

AGRICULTURE

PROPOSED ESTABLISHMENT OF BEEF FUTURES MARKET

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, in the absence of the Minister of Agriculture my question is directed to his parliamentary secretary. In view of a recent news report that the federal government is understood to be giving support to the establishment of a beef futures market as an adjunct to the Winnipeg grain exchange, I would like to ask what is the nature of this support?

Mr. Speaker: Order. I suggest the question be placed on the order paper.

[*Later:*]

Mr. Schreyer: Mr. Speaker, may I direct a question to the Prime Minister. Will the Prime Minister undertake to look into reports that the federal government will give support to the establishment of a beef futures market at the Winnipeg grain exchange?

Mr. Speaker: Order. The hon. member asked a question a moment ago and it was suggested to him that it be placed on the order paper. He is now making a suggestion to the right hon. Prime Minister along the same lines.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Public Works which arises from my urgent desire to see a new program of regional highway development in Canada, with federal participation. I would like to ask the minister whether he considers the resignation of the peripatetic minister of highways in British Columbia might facilitate the development of such a program.

Mr. Speaker: Order, please. Orders of the day. Before calling orders of the day may I say I was given to understand a minute ago that the Minister of Consumer and Corporate Affairs wishes leave of the house to return to motions for the purpose of tabling a document. Is this agreed?

Mr. Muir (Cape Breton North and Victoria): On a point of order, sir, I was attempting to get the floor to pose a question.

Mr. Speaker: The hon. member for Cape Breton North and Victoria.

LABOUR CONDITIONS

NORTH SYDNEY, N.S.—REQUEST FOR ASSISTANCE FOR DOCK WORKERS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I apologize for disturbing the complacent Minister of Manpower and Immigration, but I wish to ask whether he is in a position to give the statement that the right hon. Prime Minister promised yesterday with regard to the impending large scale lay-off of dock workers in North Sydney.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I am ready to do it but I am just wondering if it would be preferable to revert to motions, because the statement occupies a full page.

An hon. Member: No.

Mr. Muir (Cape Breton North and Victoria): I think that would be an excellent idea.

Mr. Speaker: There is no agreement to return to motions. Will the minister be granted leave to table the document to which he has referred, which contains the information required by the hon. member?

Mr. Muir (Cape Breton North and Victoria): On a point of order, Mr. Speaker, I think we should ask for unanimous consent to return to motions because this statement is quite important.

Mr. Speaker: Order, please. The hon. member has already suggested that, and it cannot be done without unanimous agreement. There is obviously no such agreement, but there may be agreement to the minister reading this lengthy document at this time without reverting to motions. Is this agreed?

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, the unanimous consent was given by this side. I would like to know who opposed the minister within his own party.

Mr. Speaker: Order, please. We cannot go on with this point of order too long. Is there agreement for the minister to read the document as an answer to the question?

Some hon. Members: Agreed.

Mr. MacInnis (Cape Breton South): On a question of timing—

Mr. Marchand: Mr. Speaker—

Mr. Speaker: Order, please. Is the hon. member for Cape Breton South objecting to the proposal?

Mr. MacInnis (Cape Breton South): No, I am not objecting.

Some hon. Members: Oh, oh.

Mr. Marchand: Mr. Speaker, in recent days—

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker, when I said I was not objecting this seemed to amuse the Liberal party. I think the hon. member for Cape Breton North and Victoria is entitled to an answer. When the minister suggested reverting to motions it was somebody within his own party who refused permission. Laugh that off.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

Mr. Marchand: Mr. Speaker, in recent days the hon. member for Cape Breton North and Victoria has asked a number of questions concerning the manpower situation at the North Sydney terminal of the C.N.R. ferry service to Newfoundland. The changes in the ferry service were announced in 1965. It was then estimated that they will result in the displacement of between 500 to 700 longshoremen at North Sydney.

The government has therefore decided to assess the situation through its manpower consultative service program. To date several hundred men were counselled as to the possibilities of alternative employment. Some 150 men have received or are receiving intensive retraining, close to 80 men accepted alternative employment with the C.N.R., and another 100 found employment elsewhere.

Our efforts under this consultative arrangement with the company and the union are, of course, continuing. Our manpower officers are on the spot and doing their utmost to assist the affected men. In some cases the solution is not easy. The company has made more than 1,000 offers of employment but the men are reluctant to leave the immediate area. The consultative committee has retained the services of motivation specialists in trying to overcome these difficulties.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, do I have permission to reply to this statement in the usual form?

Mr. Speaker: Of course not. The hon. member should ask a supplementary question. He knows he cannot reply to the statement.

Mr. Muir (Cape Breton North and Victoria): Well, it was a good try. In view of the fact that the minister has not outlined anything new this morning, other than what we already know—and we appreciate what has been done, and I think the leaders of the unions should be commended for their leadership in this training and so on—may I ask the minister has the government no other plans with regard to providing these people with jobs in the immediate area, because they are reluctant to move out of the area?

Mr. Marchand: Mr. Speaker, all our plans are public plans, and I think they are well known. We have consultative services, we have placement services, we have mobility programs and we have retraining programs. They are all known, and these are the only instruments we have to correct this situation.

Mr. Muir (Cape Breton North and Victoria): As a supplementary question, Mr. Speaker, may I ask the minister is this his basic program, the manpower mobility program? Is this the only thing, to move people out of the area? Is this all?

Mr. Marchand: Mr. Speaker, it is not the only program. We have the retraining programs which do not compel the workers to move somewhere else, if of course there are jobs in the area.

Mr. Speaker: Before calling orders of the day I wonder if the house is now disposed to consider the request of the Minister of Consumer and Corporate Affairs that we revert to motions for the purpose of tabling a document?

Mr. MacInnis (Cape Breton South): No.

Mr. Speaker: There is objection. Orders of the day.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: Order. House again in committee of supply. When the committee rose on Thursday, March 21, item 30c of the Department of Industry was under consideration.

DEPARTMENT OF INDUSTRY

30c. To provide for the insurance, on a shared risk basis with the lender, in the current and subsequent fiscal years, up to an aggregate amount of $100,000,000 on such terms and conditions including the payment of such fees therefor as may be prescribed by the Governor in Council, of loans made before January 1, 1973, under the Adjustment Assistance Program related to the Kennedy round agreements, by private lenders approved by a board established under section 15 of the Department of Industry Act to manufacturers in Canada who, in the opinion of the said board,

(a) require such loans to restructure their operations but are unable to obtain sufficient financing on reasonable terms without the insurance; and

(b) either

(i) are or are likely to be seriously injured by an increase in imports attributable to the Kennedy round tariff reductions made by Canada, or

(ii) have significant export opportunities arising out of the Kennedy round agreements;

and for greater certainty to deem the insurance referred to above to be guarantee for purposes of section 27 of the Financial Administration Act, $11,000,002.

Mr. Knowles: Mr. Chairman, I would like to ask the Minister of Industry a question regarding this item, and perhaps in doing so I am boiling down the question that my colleague from Broadview asked him last night. The heart of this item, the wording of which is rather lengthy, is found in the phrase "the adjustment assistance program related to the Kennedy round agreements."

• (11:40 a.m.)

May I ask the minister about that adjustment assistance program. Is it in effect through some other action, such as by order in council, or are we bringing it into effect by this item that is now before us?

Mr. Drury: Mr. Chairman, this item seeks the approval of parliament for the scheme outlined in this particular item, namely authority for the government to enter into a scheme of insured loans for the purpose of enabling those who have been affected by the Kennedy round, and who are desirous of and able to take advantage of the opportunities offered by this, to secure financial help.

Mr. Knowles: In other words we are not just appropriating the sum of $1 by passing this item; we are in effect passing the legislation under which the adjustment assistance program will be operated. Do I take it, therefore, that the only details governing this program are those set out in this wording that is now before the house?

Mr. Drury: No, Mr. Chairman. The hon. member will recollect that in the main estimates there is an item of $10 million which covers another aspect of the assistance program, namely the making available of loan funds as a matter of last resort to individuals who have been adversely affected by the Kennedy round.

Mr. Knowles: Is that item in the estimates for the current year or is it in the estimates for the coming year?

Mr. Drury: It is in the estimates for the coming year.

Mr. Martin (Timmins): Mr. Chairman, I wonder whether the minister could give the house any indication concerning just what the government has in mind in respect of paragraph (a) of item 30c, where it refers to "financing on reasonable terms". Could the minister inform the house what the government has in mind with regard to what constitutes reasonable terms?

Mr. Drury: Mr. Chairman, this was described at some length during the sittings of the parliamentary committee which examined the Kennedy round arrangements. Generally speaking, however, it would be hoped that the normal commercial channels would be made use of. It would be only when a person would seek to take advantage of the

Kennedy round arrangements and had been unable for reasons of risk, lack of familiarity, or for some other reason to effectively make use of the normal commercial financing arrangements that he would have resort to the facilities of the board and an insured loan.

Mr. Peters: Mr. Chairman, not long ago when he was in opposition, I believe the Prime Minister was one of those who objected violently to the implementation of statutory legislation by means of estimates. As I understand it we have not passed the adjustment assistance program and in fact have not completed any discussion of the Kennedy round in the legislative sense in respect of what our liability would be and what displacement would take place. Yet we are being asked by means of this statutory item to implement a program about which we have not had any previous knowledge.

I was particularly interested in the minister's reply when he said this supplementary estimate is related to another item of $10 million which appears in the projected estimates with which we are not yet concerned. Therefore I wonder why the Prime Minister has agreed to the implementation of this legislative process by estimates. Personally I am opposed to statutory items except on an emergency basis. If this is an emergency I should hope the minister would give the committee a much fuller report than he has given concerning what might be the implications. Without knowing what displacement is taking place because of the Kennedy round tariff agreement we now are being asked, I presume, to compensate companies which already have gone through the process of establishing what their losses may be and which have gone through the process of appeal to the financial institutions which would be in a position to make loans available to them.

As I read paragraph (a) we are now being asked to underwrite or provide for a loan in a situation where a loan would not otherwise be available. I presume this is similar to the situation in respect of programs where after a company has made application to two banks and has been turned down, a loan can be made through the fund. Since this item is asking for $1 obviously it is not really asking for the establishment of a fund but rather is asking for a statutory authority. Therefore I think these items should be noted very carefully. Certainly this is not the proper way to pass legislation. I believe the Prime Minister was one of those when in opposition who were very much opposed to statutory items, because this would mean that parliament would not be allowed any opportunity to examine the legislation.

I can only guess, because it is not so stated, that if we pass this item we will be passing in some measure the adjustment assistance program. Personally I am of the opinion that this is not the way it should be passed. I believe we should have the full discussion which was promised in respect of the implications of the Kennedy round. This type of item is not one which allows the full discussion which I believe should take place.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I also have been much concerned about this item. I wonder whether the minister is in a position to give more particulars than those which are set out here. I presume this item has reference to section 7 of the Department of Industry Act although no mention is made of this in the item. Can the minister give us any information concerning the details of the adjustment assistance program which, as my colleague the hon. member for Timiskaming suggested, we are now being asked to legislate by means of this item?

Mr. Drury: Mr. Chairman, I am sorry the hon. members apparently were unable to participate in the proceedings of the committee which studied the implications of the Kennedy round, and before which the measure proposed by the government was rather exhaustively examined. This resulted in a report which was made to the house on Friday, March 1. The report points out that the committee held 22 meetings and heard the following witnesses: the Minister of Finance, the Minister of Trade and Commerce, the Minister of Industry and the parliamentary secretary to the Minister of Manpower and Immigration.

• (11:50 a.m.)

In addition the committee also obtained information from the assistant deputy minister of finance, the director of tariffs and a member of the tariff division of the Department of Finance, the director of the machinery branch, the industrial policy adviser and chief of the commercial policy division of the Department of Industry, and for the Department of Trade and Commerce the assistant deputy minister of trade policy and director of the office of trade relations. Perhaps I should not go on reading the list of witnesses,

which runs on for another page. The report of the committee which was submitted to the house together with the proceedings of the committee would, I think, serve to inform the hon. member of some of the details he is seeking.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, as a member of that committee I have no recollection of any details of this assistance program being presented to us. It seems to me the minister must have these details in his mind or somewhere in his department. Rather vague references were made during the hearings at which, as the minister has said, a great many witnesses appeared, to some consideration of compensation for those who might be adversely affected by the Kennedy round; but we have no details of it.

Mr. Drury: Mr. Chairman, I am sure the committee would not want me to repeat the statement I made to the standing committee. It would seem to render really useless the work of committees if testimony is to be repeated *in extenso* in the house. If there are some particular aspects of particular items in relation to this program that hon. gentlemen feel at a loss about, and which were not adequately covered in the proceedings of the committee, I would be glad to answer questions on those particular matters. But I would hope not to waste the time of the house and of parliament by rehashing or repeating here what has been given in evidence and reported in the minutes of the committee.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Then, Mr. Chairman, perhaps the minister could give us some specific information. Are interest rates set under this assistance program? Have they been set? What type of loans are to be guaranteed? What responsibility is the government taking with regard to the guaranteeing of these loans? We certainly heard nothing as to what interest rates are to be charged, and I wonder whether the minister can give us the details in this respect.

Mr. Drury: In so far as the interest rates are concerned, they will be normal commercial rates. I think the hon. gentleman understands that the role of the government of Canada in this program is to act as insurer of loans which the banking community might feel, in light of their normal policy, involve too great a risk. To remove some of this risk the government will act as insurer with respect to a major portion of the loan. But the rates of interest will be those normally chargeable by the institutions for commercial loans. No dollar limit has been set on the loan or the amount to be insured. The borrower will be charged a premium for the insurance, and it is expected that over the course of this program the premiums on the insurance will cover any losses that might be required to be made good under the insurance.

Mr. Knowles: Mr. Chairman, I should like to point out to the minister that he is really begging the question when he tells us these matters have been discussed in the committee and therefore that discussion should not be repeated on the floor of the house. I am inclined to agree with that statement as a matter of general practice, but it is still true that even if a committee has recommended something, it is up to parliament to do the actual legislating.

What rather startles us this morning is the shoehorn way in which we are being given this legislation. When I asked the minister whether this wording in the item now before us, vote 30c, is something new he said there is a similar item in next year's main estimates. When I look it up I find an item in next year's estimates, item L95, for $10 million which again refers to the adjustment assistance program.

So we have two references to the adjustment assistance program. There have been press releases about it, there has been talk about it; but until one of these items is passed it does not legally exist, unless the minister can show me some way in which it has been brought into being. I submit that his earlier answer is correct, and that we are doing it now. If we are being asked now to bring into effect an adjustment assistance program, I think we are entitled to some details about it or should know who is going to work out the details.

I also find it rather interesting when I look at the wording of the item now before us. The wording of vote 30c which is now before us is not the same as that of item L95 in the main estimates for next year. So not only is this item supplementary to something we have not yet passed, but that something we have not yet passed reads differently. Please, Mr. Minister, the shoehorn method does work, but let us have a little more candour about it.

Mr. Drury: Mr. Chairman, when the hon. gentleman says "Let us have a little more candour" I would point out that a standing committee of the house has examined at considerable length the Kennedy round, its implications, the proposals under the general heading of the adjustment assistance program and the steps proposed by the government to deal with the program. The steps proposed involve a number of actions by more than one department comprising a program of the government. It is quite an extensive program.

Some of the elements of the program require legislative authority. In so far as my department is concerned there are two elements requiring legislative authority; one, the launching of an insured loans program to make available financial means to those who wish and are able to take advantage of the opportunities offered by the Kennedy round. We anticipate that another element will be required at a later date, although not nearly as early in the chain of events as the insured loans scheme; indeed, the insured loans scheme should be in operation now. That is why it is in the supplementary estimates.

• (12 noon)

The second element of the program is for a different purpose and a different set of circumstances, and that is the reason for the change in wording of the vote in the main estimates to which the hon. gentleman has just referred. It is designed to deal with hardship rather than the exploitation of opportunity. It is not expected that these cases of hardship will develop to the point where they can be adequately dealt with at an earlier date, and consequently the provision in the main estimates will meet the time frame.

In addition to that—and this was pointed out at the time as part of the problem of dealing with the change brought about by the Kennedy round—the Minister of Labour, in a different act and at a different time, has sought and obtained the approval of the house to the scaling upward of the unemployment insurance benefits. This is part of the program also, as was outlined to the committee. I am sure the hon. member for Winnipeg North Centre will not wish me to recite again in the house the detailed exposition which was given before the committee at a series of 22 meetings.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I rise on a point of order, Mr. Chairman. I was present at every meeting of the committee and I can say that no details were given to us at any time.

Mr. Drury: Mr. Chairman, I do not want to get into a debate with the hon. gentleman, but I wonder what the committee which produced a report on the implications of the Kennedy round meant to do and what in fact it did in 22 meetings.

Mr. Knowles: Mr. Chairman, like the minister, I do not want to have to spin this out but I do think that in legislative terms this is a rather serious matter. As a result of our exchange this morning we have already dicovered that in addition to item 30c in the present supplementary estimates there is item L95 on page 597 of the estimate for next year.

I have been doing some further checking and I find that on page 257 of the estimates for next year there is another item under the Department of Industry for $1 million for grants to manufacturers in Canada who have applied for government insured or direct loans under the adjustment assistance program. Thus there are three different items in the estimates of this department, one in the present supplementary estimates and two in next year's main estimates, all referring to the adjustment assistance program. I think it is significant that in all cases the first letters of the words "adjustment assistance program" are printed in capital letters. This is a program of substance, not just one of words.

The minister says that the changes in the unemployment insurance rates and benefits were part of this program. I recollect quite well that when the government made its announcement about what it was going to do as a result of the Kennedy round it said it was going to work on two fronts. It was going to do something for industry and something for workers. May I point out to the minister that in the case of unemployment insurance benefits, in the case of what was done for workers, a regular statute was passed by the house amending the Unemployment Insurance Act. Nothing was said in that legislation to the effect that it was part of some nebulous adjustment assistance program. It stood on its own feet. This makes me believe that the adjustment assistance program is mainly under the purview of the Minister of Industry, although I gather from the discussions which may or may not have taken place in the committee that it does not yet exist in legislative terms. But once we have passed this item containing the words "adjustment assistance program" in capital letters we will

have enacted it. Perhaps this is a good thing and the house wants to do it this way, but I still think that legislating in this way by these $1 items is a questionable procedure except in ad hoc emergencies or in special cases. I think under some conditions, perhaps involving a retired civil servant's pension, it might be appropriate, but a major program of adjustment assistance should be on a legislative par with the amendments to the Unemployment Insurance Act.

I am not examining the substance of the issue but, if I may go back to the phrase I used, I think this is a shoehorning method of getting on to the statute books something which until now is not there. There is no adjustment assistance program of legal effect on the statute books of Canada as of now. When we pass this $1 item and the estimate becomes part of the supplementary estimates and a supply bill is passed, then it becomes statutory and we will have the adjustment assistance program which may lead to a lot of things. Perhaps it is desirable, but I think the least the minister could do is to admit he is getting this piece of legislation through in the easiest possible way.

Mr. Gilbert: Mr. Chairman, I am sure the minister does not want to mislead hon. members when he says the standing committee on finance, trade and economic affairs went into the full details of the adjustment assistance program. What actually happened was that prior to the first meeting the Prime Minister issued a statement setting forth the areas in which assistance would be given, and some of the witnesses before the committee were deliberately evasive with regard to the details. I am not complaining about that because they probably had not worked out the details at that time. However, the minister is not correct when he says that the committee went into it in detail. I do not think the minister's officials had worked out the details at that time.

I recall that three areas were discussed. The first was government insured loans, the second was direct loans, and the third was consultative services. It was only today that the minister said that this item referred directly to government insured loans and that the $10 million to which I referred last night is for direct assistance to companies which do not qualify for government assistance loans.

I ask the minister to give us some details with regard to the item for $10 million which is now in the main estimates because I would like to know what type of loans will be offered, to whom, at what rates, for what length of time, and whether this sum will be considered as a direct contribution to business to take care of the effects of the Kennedy round or whether the government hopes to get back the moneys from these companies to which they are making loans. I should also like to know whether the $10 million includes the consultative services, which was the third area of help which the government intented to give. I am sure the minister has these details. They were not available at the time the witnesses appeared before the committee, and if the minister has them we would like to hear what they are.

Mr. Drury: I do not want to take refuge in points of order but perhaps I should because, according to the press, there appears to be an attempt to prolong this debate. I think even the hon. member for Winnipeg North Centre will agree what we should not examine the details of items contained in the main estimates. We are now concerned with the supplementary estimates, and I have just been asked for details of vote L95 in the main estimates and for some details in relation to another item in the main estimates dealing with assistance, which incidentally is planned to be a payment of up to half the cost of consultative services for those who are unable to afford the full cost. There is an item provided which would allow money to be used for this purpose. I point out to the hon. member for Winnipeg North Centre that this is the normal way in which the department functions. There is a statute which lays out the objectives, duties and powers of the department and which enables the minister to execute these powers by way of parliamentary appropriation.

• (12:10 p.m.)

In the case of the item we are looking at now, the dollar item, that is all the expenditure it is contemplated will be required to carry through the program of insured loans.

Mr. Peters: You do not need even a dollar.

Mr. Drury: No, I hope that one dollar will be in excess of what the government will have to spend on this program of insured loans. This should commend itself to hon. gentlemen opposite. The program is good and fills what is clearly a need. It is designed to enable people to take advantage of opportunities that are being created and to provide a stimulus to the growth of our economy. I

suggest that placing the item in the supplementary estimates for passage now makes it effective immediately rather than waiting for the main estimates which would be subject to approval only at a later date. We are endeavouring to get on with the task that we have, that of seizing an opportunity and making the most of it.

Mr. Barnett: Mr. Chairman, regardless of the observations of the minister concerning the discussion of the details of this item I think he would not deny that vote 30c has an important aspect to it. The minister may or may not recall that there have been occasions in the house when the whole question of one dollar legislative items has been the subject of considerable discussion. In my view the question has never been properly resolved. It is a matter of continuing concern to many members in addition to the hon. member for Winnipeg North Centre that this method of legislating appears with increasing frequency. It may have merit. However, there appears to be an increasing tendency to carry through significant and important legislative measures by means of one dollar items in the supplementary estimates. Sometimes these items go through with little or no examination in the committee. If we are going to follow this practice, then ministers should pay particular attention to trying to make sure that these proposals fit into some orderly legislative framework by giving a detailed statement in the vote. In this case, as the hon. member for Winnipeg North Centre has pointed out, approval of this item will mean—I am not discussing the desirability or otherwise of the program—we will bring into being a capitalized adjustment assistance program.

As it happens, I have a copy of the Department of Industry Act with me because of some discussion we had on another matter yesterday. Section 15 of that act clearly states:

> The governor in council may establish advisory and other committees to advise or aid the minister or to perform such duties and exercise such powers as the governor in council may specify, and may fix the remuneration and expenses to be paid to the persons so appointed.

I wonder whether the minister would be prepared to consider some clarification of the wording of vote 30c which would perhaps help to clarify the existing legislative authority from which the proposal in this vote flows?

[Mr. Drury.]

I have been looking at the act and section 7 reads in part:

> The minister shall—
>
> (c) develop and carry out such programs and projects as may be appropriate
>
> (i) to assist the adaptation of manufacturing industries to changing conditions on domestic and export markets, and to changes in the techniques of production,

I may be wrong in my assessment but it would appear to me there is some flow of authority from section 7 of the Department of Industry Act with regard to this one dollar item. To that extent I assume the minister would be prepared to argue that he has acted within the scope of his authority in bringing forward this proposal. I am not quarrelling with him on that score. However, it does seem to me it would be much easier to have an understanding of what we are doing if there were a clear reference to the basic parliamentary statute from which this authority flows. If my assessment is correct, I wonder whether the minister might be prepared to consider an amendment to the wording of vote 30c somewhat to this effect: "To provide, as provided in section 7 of the Department of Industry Act." In this way there would be a ready reference which would enable anyone concerned with this measure to understand what we were doing when in effect we pass a bill without going through first, second or third reading stages. Would the minister indicate his reaction to what I sincerely feel is a helpful suggestion under the circumstances?

Mr. Drury: Mr. Chairman, I appreciate the efforts of the hon. member in attempting a clarification. However, if one were to follow this particular technique throughout all the estimates one would be documenting the authority of the various departments to take the action involved in the expenditure of moneys that are voted. This is a basic assumption underlying all of the estimates, that the expenditure of the money provided does fall within the statutory authority accorded to the department and the minister concerned. All the hon. gentleman is doing here is documenting the statutory authority of the Minister of Industry to engage in this particular activity. I suggest that this would be a rather unfortunate precedent and would raise a question whether the department is within its authority and whether its assertion of authority is well founded. Second, it would increase the physical volume of the book of estimates quite substantially. While I appreciate his endeavour to provide clarification, I suggest

that while it might be useful in one respect it would have disadvantages in another.

• (12:20 p.m.)

Mr. Barnett: Mr. Chairman, I thought I had made it quite clear that I was referring to these so-called one dollar items, the only purpose of which is to legislate. I think the minister is begging the point I am trying to make.

As I have said, reference is made to section 15 of the industry act. I should like to give the minister a parallel situation. There is in existence in Canada a fisheries research board. Items are brought forward from year to year asking for funds for that board. If there were before us a parallel item to this to establish a specific new program of fisheries research, to which we would agree by a simple vote in committee of supply and subsequently through the bill that followed, then I would feel we should have to spell out carefully in the terms of such vote the authority we were giving the minister. I think the minister is trying to muddy the water on this point by suggesting that this is parallel to the voting of expenditures under well established programs.

Mr. Peters: Mr. Chairman, as I say I am not in favour of this item. The minister is passing judgment on the assistance program and I have heard my colleagues say that they do not know what the terms of this program are. The minister said that three programs were involved, the second of which was an increase in the benefits under the unemployment insurance fund. When the house approved of those benefits I am sure the minister did not say that as a result of the Kennedy round tariff negotiations the workers of the country would be required to increase their contributions to the fund. They feel that since wage conditions have improved a different category entirely should be covered by unemployment insurance. However, I am sure they did not realize they would have to compensate the fund.

No department is more qualified than the minister's department to establish a new program. The minister is calling it the A.A.P. instead of the ADA or FRED or one of several other programs in his department. The program will be established by passage of a one dollar item. The minister agreed that he was not going to spend that dollar; it is simply an indication that this item has a statutory effect. However, I suggest that if a new program is to be established by this item we are entitled to discuss the matter as we would discuss any piece of legislation introduced into this house.

If I remember correctly, when the area development assistance program was passed it was preceded by a piece of legislation. There is no doubt that the minister has authority to establish programs under the act. However, the act does not provide for establishment of such programs by interdepartmental action; they must be established by legislative action on the part of this house. My objection is to legislative action being taken by means of a statutory item of one dollar when we are unfamiliar with the details of the program.

The hon. member for Winnipeg North Centre pointed out that if an important person died without provision being made for a pension for his widow, a statutory item could be introduced for that purpose. I am sure everyone would agree, even the members of another party who are not at all interested in estimates, that problems of particular individuals cannot be considered even though we admit there may be an oversight in a specific case. However, payments may be made out of the general revenue fund provided a one dollar item is passed.

This adjustment assistance plan is going to involve a great deal of money in many fields and I am sure will be in existence for some time. Situations will change; indeed, things have changed since the initial discussions took place on the Kennedy round. For this reason alone the minister should not only be willing to introduce this item in some other manner but should welcome the opportunity to do so.

The minister mentioned three programs, one of which was in relation to unemployment insurance. I am sure he agrees this is not the most important program of the three. I cannot see much relationship between the amendments to the unemployment insurance plan that we passed and this program except as it indirectly affects displacement of workers.

I am sure that the minister will agree that this program is no different from any other. Certainly this is not the way to pass legislation. Although there may be difficulties, these can be overcome in another way. I have always maintained that there are some smart people in the ministers' department, and the discussion this morning is an indication that this is not a facetious observation. However, they are doing something that the Department of Labour did not try to do, namely, putting

forward a major part of a program as a one dollar item in the supplementary estimates instead of introducing it in the form of government legislation. Although this may not be an illegal method, it is one that I cannot support.

• (12:30 p.m.)

I am prepared to move a motion to reduce the item but will not do so because that would kill it. Though I am prepared to kill the item I am not prepared to kill the principle and therefore I face a dilemma. Look around, Mr. Chairman. If my motion carried, as well it might, that would be the end of the adjustment assistance program, and I do not want that. Frankly I do not know how good the program is. My colleagues asked questions about it but they got no answers. They got no answers in committee either. If we had referred the program to the committee it would have been sent back here in any event. Committees do not initiate legislation. They do not initiate discussion on any subject that is not referred to them.

Mr. Drury: But it was referred to them.

Mr. Peters: I presume it was referred to them in the context of the over-all picture of the Kennedy round discussions. This program in particular was not referred to the committee. It was introduced to us by the minister. The minister probably introduced discussion of it in the committee. Certainly the minister talked to the press about the program.

Obviously the $1 in these estimates means nothing. It is only a legal gimmick. It establishes the program in the legal sense. Since the minister is an administrator as well as a politician he will agree that his officials like this procedure. In any event, during the last four or five years many programs have been introduced by means of a dollar item in the estimates instead of by a bill. When a program is good the government takes credit for it, and when it is bad it must also accept responsibility. By introducing programs in this way the government is clearly sidestepping the necessity of bringing in a bill. This method of legislating is tantamount to denying certain members the privilege of discussion under the parliamentary system.

Before the item is introduced in the house the minister knows what the regulations applicable to it are. Yet I suggest that he does not know exactly what money will be needed since the administrative machinery under this program will be cumbersome and any applicant seeking money under this insurance program will have to go through certain procedures before getting the money. The minister knows how all this will work. He probably knows the timetable that is involved. That being so, will he not argee with me that he is being unfair with us and with himself by not divulging what form the administrative machinery will take? I urge the minister to consider these remarks because there are other, similar statutory items in these estimates to which my remarks also apply.

In the minister's department there are these young go-go fellows who dream up initials like A.A.P.—adjustment assistance program—N.D.P., and so on. We shall have a hard time identifying all these programs at this rate. In any event, I want to warn the minister that if he or others are considering the introduction of other legislative items in this manner, our party will probably take a hard look at them. We are prepared to make a major issue of this type of implementation of an otherwise appropriate piece of legislation.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, I have a few questions to ask. Unlike the hon. member for Timiskaming who has just taken his seat, I am really interested in securing information about this vote. I attempted to catch the chairman's eye on several occasions but was prevented from speaking because N.D.P. members were given the opportunity to speak. I am sure they will not begrudge me this opportunity since the hon. member for Antigonish-Guysborough prevented my replying to the minister's statement on motions regarding the dock workers at North Sydney. I point out that the minister had asked for information. I do not know what the hon. member for Antigonish-Guysborough has against the North Sydney dock workers, but that is another story and we shall take it up another day.

I have digressed for a moment from the subject the former speaker dealt with. I wish to ask the minister whether under this adjustment assistance program which is connected with the Kennedy round agreements Sysco—that the Sydney Steel Corporation—will be eligible for assistance. If so, will the minister be kind enough to explain how it will be eligible for assistance?

Mr. Drury: Mr. Chairman, as my hon. friend knows, as a consequence of the agreements achieved at Geneva in respect of lowering tariffs around the world a considerable

number of export opportunities have been presented to Canadians through the lowering of the tariffs of other countries. In order for Canadian manufacturers and processors to take advantage of these opportunities, changes in their previous *modus operandi* have to be made. If they are to seize the opportunity they must change what they have been doing in type, kind, skill or volume. Generally speaking this has required some physical changes, and physical changes normally require financing.

The object of the Department of Industry is to provide all the assistance it can to enable Canadian manufacturers and processors to take advantage of these increased opportunities. This particular item is related to the process of taking advantage of opportunities. In the case of those who for one reason or another, either because they are high risk borrowers under normal commercial arrangements or because they have an inadequate corporate financial structure, are unable to secure commercial loans to take advantage of opportunities, then the department under this arrangement, if in the opinion of the board which is mentioned here the changes are economically sound and viable and are directed toward taking advantage of the opportunity, will undertake to provide on behalf of the government insurance with a commercial lender. We are prepared to make loan insurance available to cover the added risk of this kind of loan.

• (12:40 p.m.)

The hon. gentleman has asked me whether Sysco would be eligible for assistance under this provision. That would depend on the plans Sysco may have to take advantage of the increased export opportunities offered by the Kennedy round. Whether Sysco has any such plans I confess I do not know. If the company does have such plans involving additional financing and if it is unable through its own normal commercial financing to carry out these changes, then this section will come into operation.

Mr. Muir (Cape Breton North and Victoria): I thank the minister for that statement. I am sure he will be the first to agree that if he and his cabinet colleagues do not get off their asses and do something in a hurry Sysco will probably not be in a position to make plans in the future with regard to any operation. In any event, with the assistance of all the go-go whiz kids the minister has at his disposal in the department I trust he is in a position to give me a little information.

The minister mentioned the benefits which will be derived from the Kennedy round. What benefits has steel received as a result of the Kennedy round and what disadvantages with respect to the importation of cheaper steel into this country? Will the minister indicate the benefits which the steel industry of this country and, I hope, the workers employed in it, are to receive through the Kennedy round? As Minister of Industry I am sure he has this information at his fingertips. I am confident that he, knowing industry as well as he does, will have no difficulty in telling us just what the advantages are. I am equally sure he must be in a position to inform the committee about the difference in tariffs on the importation of steel into Canada since this agreement was reached in Geneva.

Mr. Drury: I do not have the detailed information as to tariff changes in connection with steel, though this can be obtained. I believe the hon. gentleman is fully aware that in tariff terms the duty on steel is a complicated affair. There is no such thing as just "steel". The word covers a great many categories, a great many forms, and as a consequence there are a great many specialized tariff arrangements. I confess I do not pretend to carry in my head all these classifications and all the changes which have been made, but if these are of interest to the hon. gentleman I will see that the information is provided.

So far as benefits to the steelmakers of Canada are concerned I can only point out that there has been a reduction in the tariff affecting the import by foreigners of steel produced in Canada. This does, of course, provide more opportunity for those who are interested in exporting steel, and some of our producers have been very successful in this field. I admit there is a counterpart to this benefit, namely, a lowering of the barriers against the inflow of steel into Canada, which permits increased competition domestically. But in the case of steel the tariff changes have perhaps not been too significant because the tariffs on most forms of steel have, in international terms, been relatively low, not an item of major significance. Of more significance are the provisions relating to dumping. But that is another story unrelated to the point we have been considering and it will be the object of legislation to be introduced at a later date. It has formed the subject of an exhaustive examination by the committee on finance and trade.

Mr. Muir (Cape Breton North and Victoria): Since we are dealing with industry, the

manufacture of steel and the effect of the Kennedy round on steel production, in particular its effect on Sysco, is the minister in a position to provide the committee today with any further information respecting measures which may be taken to assist that company? Will it be given terms similar to those provided to other industries in this country? For example, since the Emergency Gold Mining Assistance Act was proclaimed I believe between $180 and $190 million has been poured into that industry. And the expenditure has been well worth while. I am wondering whether the minister is in a position at this late hour and late date before the house adjourns to give us some encouraging news on behalf of the cabinet as to what the federal government has in mind in connection with the future of more than 3,000 steel workers and their families at Sydney? Will they be faced with unemployment?

I am sure the minister will agree that the province of Nova Scotia has gone as far as it can in trying to operate this steel mill. But the treasury of the province is simply too small to enable it to finance this industry. All the province has asked for, as I understand it, is a loan from the federal government. I hope this loan will be forthcoming. At the present time I understand the situation is that the request has been rejected and an alternative offer made to provide $2 million plus some other benefits.

Is nothing to be done, or can the minister tell us that a decision was reached at the cabinet meeting this morning, if there were enough cabinet members around to hold a meeting?

An hon. Member: Ask him what the provincial Liberal leader said in Nova Scotia.

Mr. Muir (Cape Breton North and Victoria): He said the premier of Nova Scotia should have asked for an outright grant from the government to purchase this steel plant, not for a loan. I hope the minister will agree with the leader of the Liberal party in Nova Scotia and be in a position to advise us, as Mr. Regan said in Halifax, that there will be a grant of $10 million or $12 million.

• (12:50 p.m.)

When we can finance some of the crazy things that the government devises, surely we can assist to finance industry. The Minister of Industry in particular should realize that. He should impress upon his cabinet colleagues that this is important. He has to provide jobs.

[Mr. Muir (Cape Breton North and Victoria).]

That is his job as Minister of Industry. If the cabinet minister from Nova Scotia is such a weak sister that he cannot get very much to assist the thousands of steel workers at Sydney and their families, plus the service trades, etc., surely this minister from the province of Quebec, this minister who knows how important it is to have at least bread and butter on the table, should be in a position to do something to assist the cabinet minister from Nova Scotia and to fight against all the Goldwaters in the cabinet. Maybe I am looking at one right now; I don't know, but I often think so.

I ask the minister to rise to his feet now and give us some words of encouragement, not just the sympathy he expressed the other night with regard to the dock workers at North Sydney. We have got the sympathy of the government, the Minister of Manpower and Immigration, the Prime Minister and the Minister of Industry, but this does not put money in the pockets of the unemployed workers, be they steel workers or dock workers, I ask the minister to kindly rise to his feet and bring us up to date on what the government has done or is going to do with reference to the very serious and tragic situation facing the steel workers in the city of Sydney and the surrounding areas.

Mr. Drury: Mr. Chairman, I cannot help but respond to an eloquent plea on behalf of the steel workers in Sydney. Unfortunately the sympathy to which the hon. gentleman has referred rather has the edge taken off it by referring to one of my cabinet colleagues as week-kneed—

Mr. Muir (Cape Breton North and Victoria): No, no. Weak sister.

Mr. Drury: —and unnamed others, perhaps including myself, as Goldwaters. I take it this is meant in a pejorative sense. Scoring a few little digs rather takes the edge off—

Mr. Muir (Cape Breton North and Victoria): Please don't be so thin-skinned. Don't be so childish. Go on with your remarks.

Mr. Drury: Again the hon. gentleman's attitude—

Mr. Muir (Cape Breton North and Victoria): You are not in Sunday school, you know.

Mr. Drury: Again the hon. gentleman's advocacy of the case of the Sydney steel workers is a plea for understanding and sympathy, the reception of which is hardly

inproved by the objurgation not to be so thin-skinned and childish. I would like to assure the hon. gentleman that I have a great deal of feeling for the difficult position in which the people in northern Cape Breton find themselves and I have been interested in trying to devise viable, sound solutions to the very difficult problems that face the area. But I do feel rather badly when attempts are made to use this situation in order to score either debating or political advantage. In so far as the main question is concerned I regret to say that to the best of my knowledge, in spite of the fact that we had a cabinet meeting yesterday and in spite of the rather sly suggestion that probably there were not enough cabinet ministers around to have one—there were enough and we had a meeting—no further developments have taken place subsequent to those which the Prime Minister has already made public.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, I am very pleased to hear the minister say that there have been further developments. Undoubtedly in a very short period of time we will hear good news that not only will the federal government assist but that they will do so not in the form of loan but in the form of an outright grant. Grants have been made by the government in many instances—

Mr. Drury: Mr. Chairman, I said I was sorry to announce that there were no further developments. I think the hon. member may not have heard me.

Mr. Muir (Cape Breton North and Victoria): The minister now straightens it out but I am sure the minister, and others heard him, said there had been other developments. However, I take the minister's word for it. I am rather surprised and shocked that this man of the world, this man who has had lots of experience throughout his lifetime, has been hurt so badly and has possibly had his pride injured by remarks I made. The first thing we know he will be telling us to keep politics out of the House of Commons, as the hon. member for Red Deer did one day. I wonder how the minister got here? Was it through politics? Did he not speak about parties and individuals in other parties? Right. He agrees with me. That is fine. We have got him agreeing so I assume he will not feel too badly if I suggest he might be a Goldwater or something like that. I suggest he give a second thought to what he said.

Not many weeks ago a member quoted the old adage attributed to Harry Truman, "If it is too hot in the kitchen stay the hell out of it." The minister should not stay here if he finds it too hot. We will wait and see if this minister who states he is not a Goldwaterite—he isn't this, he isn't that, he is a good guy—is going to do everything he can to assist the steel workers in Sydney. I hope he will and will have the assistance of the other cabinet ministers.

We have been rather patient, Mr. Chairman. Someone said in the house not too many weeks ago, "I am a very patient man." But the patience of the steel workers in Sydney can only go on so long. It was on October 13, 1967, that the original statement was made by Dosco that they were going to close down the Sydney steel industry. They announced it in a very cruel and harsh manner. As we all know, the house adjourned to debate the matter. Everyone in the house thought it was a national issue, and apparently it was because there was no real opposition to adjourning the house.

In any event, time is going by and time is of the essence. That is why I am trying to point out to the minister today the urgency of doing something. The matter is very much tied in with the Kennedy round. If more steel is brought into Canada, under a lower tariff it is going to affect Hamilton, Sault Ste. Marie and Sydney, if Sydney is still in operation then, and I hope and pray to God it will be. It is going to affect all these steel manufacturers.

I may have a few words to say a little later but in closing I hope the minister will give very serious consideration to his job, to the question of trying to do something to help the Sydney steel workers, and not worry too much and not lose too much sleep because someone throws a remark across the floor. My heavens, I have heard the right hon. member for Prince Albert say that we are a bunch of pansies compared with members 100 years ago or 50 years ago. So why should we feel so hurt, feel so badly if someone says something that might offend? If I did, I truly apologize.

Mr. Peters: One o'clock.

Mr. Drury: Mr. Chairman, there has possibly been some loss of time as a consequence of digressions, and in order to expedite the business I would be glad to see the committee sit through the lunch hour so that we can get through these estimates.

Mr. Peters: One o'clock.

Mr. Drury: I am sorry, Mr. Chairman, I see that the N.D.P. insists on calling it one o'clock.

The Chairman: If there is any disposition for the committee to sit through the lunch hour it would be necessary for the decision to be made in the proper way and not by the committee itself.

Mr. Peters: One o'clock, Mr. Chairman.

The Chairman: Order. It being one o'clock I do now leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Assistant Deputy Chairman: Order. House again in committee of supply. When the committee rose at one o'clock it was considering item 30c of the Department of Industry. Shall the item carry?

Mr. MacInnis (Cape Breton South): Mr. Chairman, we all realize that the government is very anxious to get the estimates through the house. It is unfortunate that the minister concerned is not as anxious as are other members.

Mr. Macdonald (Rosedale): Mr. Chairman, if the hon. member would permit I should like to say that the minister has been seeing a delegation in company with his colleague, the hon. member for Portage-Neepawa. He will be in the house instantly.

Mr. MacInnis (Cape Breton South): Mr. Chairman, if it is a matter of an instant I would prefer to wait until the minister arrives.

The Assistant Deputy Chairman: Shall item 30c carry?

Mr. MacInnis (Cape Breton South): No, Mr. Chairman. Of necessity I must be repetitious because what I say now I shall repeat when the minister returns to the house. It is regrettable that the hon. member for Cape Breton North and Victoria, when making inquiries of the minister this morning, did not receive the co-operation of the house. When the Minister of Manpower and Immigration asked for permission to revert to motions in order to make a statement with regard to the very serious aspects of the employment situation in Cape Breton he was not permitted to do so because the hon. member for Antigonish-Guysborough rejected the request that a statement be made. The only choice left open to the minister at that time was to ask for supplementary questions.

Now that the Minister of Industry has returned to the house I should like for a few moments to refer to a remark he made when questioned about the Kennedy round. The minister referred to dumping. It is a well known fact that any nation in the world which is making progress must have a basic steel industry. In Canada the basic steel industry is very badly affected because of the fact that cheap steel is imported. I realize that quite often this is referred to as dumping, but it is dumping only if the imported steel which is undermining the basic Canadian steel industry comes into Canada at a price cheaper than the cost of production in the country of origin. I realize that if the request I am about to make were granted there might be repercussions on the international scene. However, since steel is so basic to the Canadian economy perhaps the minister would consider consulting with his colleagues about the possibility of bringing about a change in the definition of dumping.

I believe the government should take steps to redefine the meaning of dumping if this could be done to the advantage of Canada. Although we understand it is not dumping as long as the product is landed in this country at a price which is not below the production cost in the country of origin, nevertheless there is a great difference in this case between the landed price and the Canadian production cost. Therefore I ask the minister and his colleagues to review the situation so that possibly the definition of dumping could be related to the Canadian production cost rather than the production cost in the country of origin. In this way I believe a great deal of the disparity in prices could be eliminated to the advantage of the Canadian steel industry. If it would appear that the advantages would be greater than the disadvantages, then I think the government should take a hard look at the situation and bring in a redefinition of the term "dumping".

With reference to the Sydney steel industry the minister apparently is not aware of the representations which have been made with regard to this matter by some of his own colleagues. In respect of the negotiations between the federal and provincial governments he said earlier that further developments were taking place. But after he had

resumed his seat someone whispered in his ear and he jumped to his feet again. At that time he said that there were no further developments. Either the minister or whoever whispered in his ear is not up to date in respect of the situation which prevails now with regard to the negotiations between the federal and provincial governments. If they are, then what the Prime Minister said in the house the other day was not completely in accordance with the facts.

• (2:40 p.m.)

When answering that question directly the Prime Minister said—the minister looks at me now with some interest—that he was awaiting a reply from Premier Smith on the latest correspondence which had been forwarded to him. So for the minister to stand up one moment and say there are developments, and then to immediately deny it, is further evidence of the fact that attention is not being paid to the negotiations going on between the federal and provincial governments respecting the Sydney steel industry. This should shame the minister who professes to have an interest in and to be concerned about the problem in Sydney.

I also remind the minister that one of his colleagues, the Minister of National Health and Welfare, told an audience of 20,000 people in Sydney that the federal government was searching desperately for a way which would assist in bringing about a satisfactory solution of the problem faced by the Sydney steel industry. "Searching desperately" were the words used by the Minister of National Health and Welfare.

This is no longer a Cape Breton problem; it has become a Nova Scotia problem because all the people of Nova Scotia are assisting in this regard. The taxpayers of Nova Scotia are carrying the load. The government of Nova Scotia put a very simple solution before the federal government. The government of Nova Scotia asked that the federal government lend them 50 per cent of the purchase price of this plant. The federal government took the callous attitude that this assistance would not be made available, which is a complete denial of the Minister of National Health and Welfare who said that his government was searching desperately for a way in which to assist the industry. The federal government has a simple out, namely, to lend the government of Nova Scotia 50 per cent of the funds necessary to purchase this plant.

How desperately has this government been searching for ways in which to solve this problem? How honest has it been in its promise to assist the Sydney steelworkers? On Monday of this week the Prime Minister, in a nationally televised program, said that if it was a matter of spending money to keep men employed he would be happy to spend that money.

The province of Nova Scotia has asked for a loan of about $12 million for this purpose but the federal government has callously refused to make that loan. At the time this appeal was before the government the Minister of Trade and Commerce signed an agreement to lend $20 million to the government of India. What I have said in this regard has been interpreted as a stand on my part against foreign aid. This is not the case at all. The fact that I object to the government lending a foreign country $20 million, while it refuses to lend a provincial government a little better than 50 per cent of that amount, is another indication that this government is not at all concerned about the problem and is not supporting the statements made by the Minister of National Health and Welfare who, I repeat, said that the federal government was searching desperately for a way in which to help the steel industry of Sydney. Hon. members opposite like to interpret the stand I have taken in this respect as one that is against foreign aid. They like to say I am against feeding the starving children of India. This is the inference that has been drawn respecting my objection to $20 million being lent to India while a loan of $12 million is refused to a province of Canada in order to assist Canadian citizens.

I think that in the long run the federal government would benefit from such a loan being made to the province of Nova Scotia. If the government lent that money to Nova Scotia, in the next few years it would be collecting income tax on the wages earned by Sydney steelworkers. If the government continues its callous attitude, 3,000 Canadian citizens will be out of work, and not only will the government not collect income tax on the wages that would have been earned but it will be compelled to pay unemployment insurance to these people. This represents a considerable amount of money.

I repeat, Mr. Chairman, that a government which professes to be searching desperately for a way in which to help these people has lent a foreign government $20 million while refusing Canadian citizens the opportunity to go to work. I say this is a complete denial of

the statement made by the Prime Minister on Monday of this week, and it is a complete denial of the statement the Minister of National Health and Welfare made to the people of Cape Breton.

Mr. Schreyer: Mr. Chairman, would the hon. member permit a question?

Mr. MacInnis (Cape Breton South): Yes.

Mr. Schreyer: I would simply like to ask the hon. member whether he could tell us from whose mouth came the refusal by the federal government to extend this loan.

Mr. MacInnis (Cape Breton South): It is rather difficult to pin it down to individuals because the government has a spokesman, and in this case the spokesman appears to be the Prime Minister. I can truthfully say that at no time did the Prime Minister say there was an absolute refusal, but I do not think there is too much question about the attitude of the Minister of Trade and Commerce who is a Nova Scotian. He stated outside the house that this plant is not an economic unit and should therefore go down the drain. I cannot put my finger on any one individual as saying that there has been an absolute refusal in this regard, but there is certainly no agreement by the cabinet to give the assistance for which the Minister of National Health and Welfare said the government was searching desperately.

As I have pointed out, in refusing this help the government is denying Canadian citizens, its Prime Minister and the Minister of National Health and Welfare. Having made this statement, the Minister of National Health and Welfare during the campaign for the leadership of the Liberal party took great pleasure in being photographed in a province which is to benefit from something that will be lost to Nova Scotia, his own province. He took advantage of the publicity available to him whereby another province will gain at the expense of his own province of Nova Scotia. Evidence of this is to be found in the pictures and news stories emanating from the province of Prince Edward Island, where transfers will take place to the detriment of the Annapolis Valley area of Nova Scotia.

The minister from Nova Scotia, who I daresay is anxious to see something done to assist the Sydney steel plant, a few years ago on the eve of a federal election made the promise of $25 million in aid to the province. That aid was never forthcoming. However, the crisis that was developing in the coal industry of Nova Scotia at that time was alleviated somewhat by the establishment of the Cape Breton Development Corporation. Hon. members on the other side of the house are very free in making reference to that development corporation and what it will bring about, but they make only passing references to it and do not understand what the corporation is all about.

We are faced with a promise made by the Minister of National Health and Welfare before 20,000 people in Cape Breton last summer, and that promise has not yet been fulfilled. The promise of assistance in the amount of $25 million to help the coal industry open a new mine has also never been kept. The situation so far as the steel industry is concerned is very grave. The government insists that it is concerned about the situation, but what has it to offer in the way of a solution?

When questioning the Prime Minister the other day about certain promises he made to the government of Nova Scotia, I asked about the $1.7 million that was to be made available to that government to assist this industry. I quoted from a letter written by the Prime Minister. The only come-back of the Prime Minister was that he doubted that was the case and he asked for the date of the letter. This was a ridiculous request by the Prime Minister. When I told him the letter had been written on January 23, 1968, there was no further come-back from the Prime Minister or anybody on the government benches.

What do we find in the Prime Minister's letter of January 23, 1968, in respect of the Sydney steel industry? He made an ambiguous reference to $1.7 million which was lent to Dosco prior to their announced withdrawal from the industry, an amount of money which was made available under an agreement for the construction of pier facilities. There was also in the Prime Minister's letter an ambiguous reference to a possible claim which they had on that $1.7 million, and the Prime Minister offered to the province of Nova Scotia something which he is not sure he had himself.

• (2:50 p.m.)

As long ago as October 1967, the Minister of Justice was questioned on whether or not the company's withdrawal at that time was a breach of contract. Despite that fact this potential leader of the Liberal party, the Minister of Justice, has not yet, after six months, answered this simple question and has not made up his mind on the legality of the company's withdrawal. Yet the government wrote

a letter to the province of Nova Scotia refusing that province something which was granted to India to a much greater extent. The government said to the province of Nova Scotia: We will give you $1.7 million although we do not know yet whether we have a claim on it, but it is there for you to take.

The Minister of Industry cannot get away from the fact that he first said in the house today that further developments were taking place. However, when he sat down he was whispered to and as a result he jumped up and corrected himself by saying that no further developments were taking place. It is a ridiculous situation for a minister of the crown to stand up in the house and say there are no further developments when only a few days prior the Prime Minister himself indicated in the house that he is awaiting an answer from the premier of Nova Scotia. The ministers of this government are free with generous phrases when they think it will be a popular thing to say and it will be of advantage to them to say it. However, so far as the area of Cape Breton and other parts of Nova Scotia are concerned they have not backed up anything they have said in a number of years. In fact, one minister has denied what another one has said.

Let me give the committee an example of one minister contradicting what another one said. Not too long ago one minister, when questioned about plans for phasing out the Sydney steel operation, said it would be foolish for the government to do so. However, on the same day his colleague, the Minister of Forestry and Rural Development, spoke in Alberta and said the government had plans in this respect. What kind of government is this when its members continually make contradictory statements? How can we rely upon anything stated by any minister? The Minister of National Health and Welfare makes statements freely about industry in Nova Scotia, whether it be the steel, coal or any other industry, and he does so all across Canada when he thinks these statements will gain him popularity. But when he comes back to the house the rules prohibit us from asking him questions about the statements he has made, despite the fact that the precedent has been well established over the years that when a minister of the crown speaks outside the house, unless he specifically states he is expressing a private opinion he is stating government policy.

We are continually faced with this problem. We cannot ask the Minister of National Health and Welfare questions about statements he makes outside the house in respect of the steel, coal, or any other industry because we are told this matter does not come under his jurisdiction. This is a ridiculous precedent which has been set under this government. As I pointed out, the minister himself has been caught in contradictions. I have only referred to one case when the Minister of Justice said it would be foolish for the government to make plans in a certain respect while his colleague, two seats away from him, when speaking in western Canada referred to the government's plans in the same connection. We do not have to go beyond today to encounter contradictions. When today's *Hansard* is printed we will find another denial on the government side of the house.

We have witnessed a rare occurrence in this house. I do not know whether it has ever happened before. Despite the fact some hon. members have had 30 years experience in the house, none of them has seen two ministers of the crown disagreeing on an issue in the house. Yet we witnessed this the day before yesterday. In Wednesday's *Hansard* we will find one minister contradicting the statement of another despite the fact that cabinet ministers are supposed to show solidarity. I suggest it might not be a bad idea if the word "solidarity" were emblazoned on a tablet placed on a wall outside the chamber so that each and every minister could look at it each day on his way to the house and realize the importance of cabinet solidarity.

Let me again refer to what happened in the house when the Minister of National Defence stood up today and said he disagreed with what was said by the Minister of Agriculture. This is not supposed to happen among cabinet ministers who should show solidarity and unity. It is an amazing thing to see the lack of unity amoung the ministers of this government who at the same time have appealed to members of the opposition to unite with them in passing these estimates so as to allow the Liberal party to get on with its campaign.

There are some amazing stories to be told such as the one about the minister who spoke to me yesterday and said that the longer we keep this debate going the better the chances are for the wrong man to become leader of the Liberal party. He was referring to one of his colleagues in the cabinet as the wrong man for the leadership, and he said that the longer we stay here the tougher it will be for

the man whom he considers to be the right man for the position to win the leadership. This was a minister of the crown speaking about two of his own colleagues. He happens to support the Minister of Justice and he is very much against the idea of the Secretary of State for External Affairs becoming the prime minister of this country. What kind of co-operation, assistance, honesty and dedication can we expect from such a cabinet when its members contradict one another and, for example, do not bother acquainting themselves with the facts concerning the basic steel industry in this country?

The Assistant Deputy Chairman: Shall vote 30c carry?

Item agreed to.

L66c. Loans under the Pharmaceutical Industry Development Assistance program in the current and subsequent fiscal years in accordance with terms and conditions prescribed by the Governor in Council to companies in Canada for the purpose of improving their ability to manufacture and market lower priced prescription drugs at competitive prices through reorganization of any of their operations of manufacturing, marketing, distribution and research, and who are unable to obtain sufficient financing on reasonable terms from other sources for such purposes, $2,000,000.

Item agreed to.

The Assistant Deputy Chairman: This completes the estimates of the Department of Industry.

Mr. Drury: I wonder if we could also consider vote L66c at page 31, which also comes under the Department of Industry.

• (3:00 p.m.)

Mr. Bell (Carleton): It has already been passed.

Mr. Drury: I am sorry, I understand it has been passed.

The Assistant Deputy Chairman: Is that vote L66c? This vote has been carried.

Mr. Barnett: I rise on a point of order, Mr. Chairman. Rather than proceeding immediately with the Department of Energy, Mines and Resources, could there be agreement in the committee to consider the item under the Department of National Defence? There is some urgency to this vote.

DEPARTMENT OF ENERGY, MINES AND RESOURCES

1c. Departmental Administration including grants and contributions as detailed in the Estimates, $144,000.

[Mr. MacInnis (Cape Breton South).]

Mr. Peters: This is an important department and we have been waiting for some time to discuss these estimates. I wonder whether the minister would make a report on the activities of his department?

[*Translation*]

Mr. Pepin: Mr. Chairman, I do not know exactly how to tackle this subject, so varied is the work of my department.

My department is indeed very active in numerous fields. As everyone knows, it comprises four large branches. The first is the geosciences division which conducts all types of research, from geology to astronomy.

The second is the mineral development division which is concerned mostly with mining economy and the administration of certain mining statutes relating, for instance, to gold and the continental shelf.

The third is the water division which has developed the most rapidly in the past year. I shall say a few words a little later about the water policy.

The fourth division is that of energy, which has started to develop and is headed by an assistant deputy minister. It will soon include a number of advisers in matters relating to hydro-electric energy, coal, uranium, gas and oil.

These are the main sectors.

The hon. member would perhaps like me to talk more specifically now about our water policy. This past year, we have developed a policy based on certain basic principles. We are often asked in the house: When will the government state its policy concerning water resources? I have the impression that some members think that a water policy is developed much in the same way as instant coffee is produced. That is not the case. There already exists a water policy at the federal level. It needs to be improved, which is what we are doing. However, the difficulties in this case should not be underestimated.

Everyone knows that water has many uses. It is used for shipping, for the production of energy. It is the natural habitat of small fish. It is also used in homes, industry, farming, etc. That is the multifunctional aspect of water.

Everyone knows also that there are conflicts between users. Some of them come to mind easily: conflicts between the interests of hydro-electric developments and those of shipping, conflicts between the recreational and the economic objectives.

In that field, as in some others, there are also conflicts of jurisdiction. I do not wish to repeat the speech I have made so many times to the effect that, in some cases, water comes under provincial jurisdiction and in others under federal jurisdiction.

I have outlined that situation many times. We have, in Canada, a federal system which has tremendous advantages but which presents some difficulties. I have often said that the water problems could be approached only in a multijurisdictional or comprehensive way, which implies a close co-operation between federal and provincial governments.

These principles which I have outlined very briefly will be found in the legislation which we hope to present during the next session, and we hope that parliament will accept it.

In the meantime, I must say that, in the best spirit of co-operative federalism, we have had conversations with the provinces last year at the administrative and political levels, directly and during meetings of the resource ministers council.

On the other hand, at the very time when new legislation is in the mill, my colleagues should not think that the minister and his department are inactive. On the contrary.

[*English*]

I might say a few words on the question of water supply. For years the department has been making an inventory of the water resources of Canada and we have special agreements with some provinces in this respect. May I mention two of them. We have an agreement with Ontario concerning the investigation of water supplies of northern Ontario rivers. We have been working on that for two years now. A few months ago we reached an agreement with the three prairie provinces on the creation of the Saskatchewan-Nelson River Board. This is an extremely important move, because, as hon. members realize, we will be taking in Canada more and more a basin by basin or region by region approach to water problems. I feel this should be an element of comfort to everyone who is interested in this problem.

In the field of flood control, which comes under the Canada Water Conservation Assistance Act, we have already spent $8 million and another $14 million is committed mostly for projects in Ontario and British Columbia. More important still, the Winnipeg floodway is coming to completion. The federal government has already spent $33 million on the construction of this great work. As I said this morning, we are about to enter into a most important water flood control project, the Fraser one. I see some of my hon. friends opposite nodding in satisfaction. Such an agreement has been talked about for a long time following the 1948 flood which caused extensive damage. Now, Mr. Chairman, after the accumulation of a tremendous number of documents dealing with the subject, we are finally coming to an agreement with British Columbia on this matter.

• (3:10 p.m.)

I do not want to spend too much time on it at the moment as I am sure there will be occasion to talk about it later, as everybody easily realizes the value of this project. The Fraser is an extremely important river in the economy of British Columbia and of the other western provinces. The federal government has a clear responsibility here not only in terms of flood control but in terms of navigation, fisheries, transportation and the prevention of national disasters. Therefore my department and I feel that this agreement will be a great accomplishment. In the first ten years both governments will share in an expenditure of some $30 million as was already paid last summer when agreement in principle was reached.

I will also be asked, so I might as well answer now, about what steps we are taking against pollution. This is a favourite subject of some of my hon. friends on the other side. Following the Montreal pollution conference my department made an analysis of the conclusions that were reached there. We then formulated a number of recommendations which we brought to the attention of the provincial ministers, this area being one of shared jurisdiction, as is well known. I brought these matters to the attention of my provincial colleagues at the Montreal meeting of the council of resource ministers last May and asked for their comments. These have been coming in. I do not have to tell hon. members that they are not all in agreement with the views of the federal government; as hon. members know, these subjects are debatable.

Mr. Barnett: Are they all in agreement with each other?

Mr. Pepin: No, Mr. Chairman, obviously not, and that is an added difficulty. I should not like to leave the impression that we are simply sitting around waiting; that would be

wrong. One of the most important developments in this field is the decision to build at Burlington, near Hamilton, a Canadian inland water centre. Some $17 million will be spent on the construction of this centre. It is to be built at Burlington, on the Great Lakes, for very good reason: the main interest of the federal government in pollution matters has to do with pollution of the Great Lakes.

I think everyone will agree that this should be so. Obviously the federal government cannot be made responsible for depolluting every little creek in the country. This would normally be the responsibility of the municipalities and the provinces. However, the federal government does have clear responsibility for and jurisdiction over the Great Lakes. These are international waters and international waters fall mainly under the authority of the federal government. Therefore, Mr. Chairman, I think it is a good idea to concentrate much of our financial, capacities and personnel in this Great Lakes area. The universities and provinces will be admitted of course to work with us on research leading to depollution of the waters of the Great Lakes. All of the work done at Burlington will be communicated across the country, even across the world.

There are already 80 people from my department located there. Temporary buildings are already built on pier 19, I think it is, and we will be acquiring land in the coming days. So things are moving ahead. My estimates have been cut on a number of occasions, as have the estimates of other departments in recent days—only a little more, I feel—but we have protected this project because it seems to us to be the most important measure the department can take in the coming months and years.

I might add that Central Mortgage and Housing Corporation is continuing to lend money for the construction of sewage treatment plants. The last time I checked, about $225 million had been allocated for that purpose. Again this is a very important contribution by the federal government in the field of anti-pollution control.

A few months ago, as my hon. friends remember, the provision in the income tax regulations allowing rapid depreciation of industrial anti-pollution equipment was extended in force until 1970, which again is a great contribution to anti-pollution. It is only in so far as there is an incentive in terms of tax deduction that the provinces can assume their full responsibilities in this field and through moral suasion, persuasion or governmental pressure bring industry to recognize its own responsibility to instal anti-pollution equipment in their new plants.

I could go on but I think I will stop at this point and give members of the committee an opportunity to question me more specifically.

Mr. Barnett: Mr. Chairman, before the minister concludes could he give any indication when the government may include anti-air pollution provisions in the same general regulations? I realize that he is not directly responsible for this but I know his general interest in pollution control.

Mr. Pepin: This matter has been brought up on a number of occasions and I am interested in it, as is my department. There have been discussions with national revenue on this matter. As is usual with these questions there are some technical difficulties but officials will be working on these in the coming months with the hope that next year something might be done.

The Assistant Deputy Chairman: The hon. member for Nickel Belt.

Mr. Peters: Mr. Chairman—

The Assistant Deputy Chairman: The hon. member for Nickel Belt.

Mr. Peters: I just want to say something—

The Assistant Deputy Chairman: Order. The hon. member for Nickel Belt rose first so the Chair recognized him.

Mr. Fawcett: Mr. Chairman, I am not going to quarrel with my colleague from Timiskaming I will leave that to other members.

I welcome this opportunity to say a few words on these supplementary estimates. I realize this department is a relatively new one. It was born out of the Government Organization Act which was proclaimed on October 1, 1966, about a year and a half ago. It is the offspring of what was the department of mines and technical surveys but I understand that the scope of the minister has been enlarged to a considerable extent, his jurisdiction now covering a much wider field.

• (3:20 p.m.)

I was interested in the minister's remarks a few moments ago about a water supply inventory. I wonder whether the people of this country realize how much water we need.

The Ontario government recently issued a little pamphlet which gives some indication of how much water we need for our various activities. I read this paragraph from that pamphlet:

> Up to 62,000 gallons of water are required in the manufacture of one ton of newsprint; 750 gallons to process one barrel of oil; 25 to 200 gallons for one case of cannery products.

That clearly shows what the water requirements of this country are, and I hope to see the minister active in seeing that an inventory of our water supply is taken. I hope he will make certain that the water needs of this country are met before commitments with respect to water are made to other countries.

I wish to ask two or three questions. Looking back through *Hansard* I saw that on June 14, 1967, when the house was in committee of supply and dealing with the Department of Energy, Mines and Resources, the minister had this to say, as found on page 1518:

> At this point I should like to say a few words about each of the main sectors of my department, namely mines and geosciences, mineral development, water and energy. First of all, in respect of mines and geosciences, the principle objective of this sector is to keep up a high level of survey and research in mineral and geosciences so we can learn better the nation's potential mineral resources.

This raises an important point because I now want to speak about the survey of our mineral potential. I agree with my colleague from Timmins who said yesterday that our mineral resources have been barely tapped. We have almost unlimited mineral resources. I do not quarrel with that statement but we must look at the matter from the point of view of communities which have been built around mineral resources in any given area. Both I and the hon. member for Sudbury are concerned about resources that can still be mined in the Sudbury area.

Has the minister worked in co-operation with mining companies such as International Nickel at Falconbridge to ascertain to what extent ore bodies have been staked out in our area and for how long in the future it is expected that these ore bodies can be worked? I know that Falconbridge and International Nickel have been expanding their operations in the Sudbury area, as they have been doing at Thompson, Manitoba. I want to know if these operations are being expanded in an orderly and normal fashion. Is thought being given to managing these resources so that the affected communities will be kept viable not just for one or two generations but for many generations to come. That is an important consideration. If mining companies are permitted to mine out all of an ore body in a given area where communities are solidly established, it will be only a matter of time, perhaps not more than 10, 20 or 50 years, before those communities face serious economic difficulties. All this must be ironed out between the minister's department and the mining concerns involved. I wish to know if the minister has any control over this situation.

Too often in the past we have seen what has happened to worked-out areas. Hundreds of families have been dislocated and many hardships have followed that dislocation. Elliot Lake is a prime example. I have been saddened to see houses boarded up in Elliot Lake, to see houses ruined by burst water pipes because they have not been heated in winter. I have seen houses in a sad state of disrepair, verging on ruin. What effect that has on our total economy is hard to assess, but we must avoid this sort of thing in other mining localities.

Of course, there is a partial answer to what ought to happen to mining localities after an ore body has been mined out. The matter does not come under the minister's jurisdiction, I agree, since it involves secondary industry. Judging from the success we have had in establishing secondary industries in the Sudbury area, our best bet is to retain the mining companies for as long as possible.

Though it has been said we have unlimited natural resources in this country, I must say that sometimes I am sceptical. Not too many years ago we were told we had unlimited supplies of timber. Consequently I was amazed to see in the *Globe and Mail* yesterday a report that the chief forester of MacMillan Bloedel Limited, one of the largest timber operators on the west coast and perhaps in Canada, had said that within 20 or 30 years we shall face an extreme timber shortage. I say that we ought to be concerned about conserving our resources and our mining resources in particular. We ought to develop our mineral resources in an orderly way so that ultimately we do not create ghost towns with their dislocated families and so on. If the minister's department has not taken positive action in this field, it ought to do so.

I was interested to hear that the department is to be involved in Arctic exploration. This is a move in the right direction. In view of the fact that many of our oil fields are not producing at their potential capacity and that we

allegedly have unlimited reserves in the Athabasca tar sands, it may be some years before the Arctic area will be developed.

• (3:30 p.m.)

The minister said something about air pollution. As I recall, he tied it in with water pollution. But I should like to remind the minister that where there is air pollution soil pollution and water pollution follow. In the area from which I come air pollution has killed trees and vegetation for miles around. The soil was poisoned and this poisoned soil wound up in our streams with the result that our streams too are polluted. The city of Sudbury faced a serious pollution problem two years ago when the city water was not fit to drink. I am sure the cause of this water pollution was originally the pollution of the air. It cost the taxpayers of Sudbury a great deal of money because the water had to be treated. I am not sure whether it is still being treated. I know it had to be treated for some months, and even if it has not been necessary to continue treatment during the winter I believe treatment measures will have to be resumed again this spring.

There is one aspect of water pollution with which the federal government is directly concerned. Some time ago I spoke on the ten o'clock show about the water pollution in the Elliot Lake and Bancroft areas. I referred particularly to conditions in the Elliot Lake area because I had visited that area myself and seen what was happening at first hand. I based my short speech at that time on a report known as the report on radiological water pollution in the Elliot Lake and Bancroft areas, presented, I understand, by a deputy ministers' committee of the provincial government. One of the statements made in that report is as follows:

> It now appears that provincial statutes are inoperative in view of the overriding authority assigned to federal agencies under the Atomic Energy Control Act.

I may be wrong but I believe the responsibility for the administration of that act comes within the duties of the minister. Recently I received a complaint from an individual with respect to what is happening at a new uranium mine opened between Sudbury and the Elliot Lake area. I had firmly intended to visit this area myself and perhaps to make a report to the minister, but as yet I have not had an opportunity to do so. The man who wrote to me said that nothing had been done to dam an effluent from this mine which was flowing directly into a creek known as John

creek which in turn flows into Agnew lake. I understand that this is one of the best fishing grounds in the region. I have only this gentleman's word for what is happening but I believe I can rely on it. I hope to go there myself in the next two or three days to see what the situation is and I shall certainly bring this matter to the minister's attention if what is asserted is correct.

Let me say at this point that when I was making a tour of the Elliot Lake area I was told that Quirke lake, which not many years ago was one of the best fishing spots in that region, no longer held fish because of carelessness in damming effluents from various mining operations. I also heard that the Serpent river and its tributaries, as well as the lakes through which they flow, are almost devoid of fish. This is a serious situation and it concerns an aspect of pollution which closely involves the department.

I have the impression that arrangements for inspection in connection with this kind of pollution are very poor. Indeed, I believe on some authority that this is the case. I have visited a number of mine properties and it was evident that in many cases only a half-hearted effort had been made to do something about disposing of the waste from mining operations. In fact it is pointed out in the report to which I have referred that in some cases intervention was necessary to ensure that proper damming was carried out. In other cases no action was taken simply because the mines had been closed. We should bear in mind, however, the possibility that many of these mines will be re-opened. If this happens something positive should be done to ensure there is no further pollution of the kind I have described.

The effect of this type of pollution on an individual exposed to it is still obscure. This is another aspect which was brought out in the report to which I have referred. The committee said that more research work was needed before one could properly estimate just what harm was done to individuals working in the affected area or drinking the contaminated water.

I could go on and on talking about air pollution, but I shall leave the subject for my hon. friend from Sudbury because he is a little closer to those tall stacks than I am, though I do not think he gets as much of the sulphur dioxide as I do, 21 miles away, and perhaps not quite as much damage is done to

the plants and gardens where he lives. I know there is considerable difference of opinion as to where jurisdiction lies, but it is my hope that the minister will yet provide the leadership which is required. Air pollution is something with which we are only too familiar in the Sudbury area, but without saying anything further I shall leave the subject. I think my hon. friend has something to say with regard to it and I wish to give him every opportunity.

I was somewhat heartened by the few words the minister had to say. I believe he is sincere and that he will try to do what needs to be done. But I am concerned over the possibility of conflict between different levels of government, particularly as this would affect air pollution control, one area in which the federal government has to show leadership.

• (3:40 p.m.)

Mr. Mather: Mr. Chairman, I wish to say a few words about a subject the minister touched on which is of particular significance to many people in British Columbia. It is the long awaited and extremely important Fraser river flood control project. I wish to do two things briefly. One is to give some praise and credit to the minister for what I know he has done to bring agreement with British Columbia nearer to completion. The other is to encourage his colleagues, or those of them who may be present this afternoon, to support him in concluding the agreement.

As the minister has said, this project involves many millions of dollars. The idea for the project goes back about 15 or 20 years. I hope that with co-operation between the federal government and the British Columbian government we shall actually see the agreement put into effect this year and flood control on a comprehensive basis begin in the lower mainland of British Columbia. I use the words "lower mainland of British Columbia" because it is through that area that the Fraser river flows and it is in that area that all too often flooding has taken its toll.

In British Columbia there are approximately 2 million people. Half of them live and work on less than one half of one per cent of the land area of the province, which in round terms encompasses the lower mainland of British Columbia. When the Fraser river running through that area, through the municipalities of Langley, Surrey and Delta and past the city of New Westminster, floods, the economic consequences to the people, the farmlands and the industries in the area run into millions of dollars.

There are two types of floods to which the area is subjected. One is winter flooding which particularly effects the municipalities of Langley and Surrey. The ground level flooding resulting from water coming down from the higher areas of the valley, the much less diked area of the valley, covers thousands of acres. I have seen photographs taken in the 1920's, 30's, 40's and 50's showing the effect of this flooding. Recently I saw photographs taken only a month ago showing its effect. Every winter thousands of acres are under water as a result of faulty drainage and lack of flood control in that part of the valley.

The other type of flood is the more spectacular one which threatens almost every spring. Hon. members may recall that last spring people in British Columbia felt that flooding was imminent and that it might result in a major disaster such as they had experienced in previous years. However, as it turned out there was no major flood. But there is no guarantee that there will not be one in any given year. This type of flood results from the melting snow in the upper areas coming into the river with the result that it overflows its banks. The economic losses from both types of floods can run into large sums of money, affecting a great number of people.

Many industries are concerned about the flood problem. The only regret I have is that this comprehensive co-ordinated plan among the federal, provincial and municipal administrations to grapple with the flood problem has taken so many years to come to fruition. I think inflation has resulted in a financial erosion in the last seven or eight years equal to the effect of a major flood in the lower valley. The original plan contemplated doing what the new plan aims to do in a bigger way and would have cost much less seven or eight years ago than the expenditure required now. At any rate, as I said, I merely want to commend the minister for reaching an agreement on action to combat the floods and I encourage his colleagues to give him every support.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I do not want to delay the business of the house, but I would still like to remind the hon. Minister of Energy, Mines and Resources (Mr. Pepin) of the problem I have repeatedly brought up in

this house in the last four years, and ask him what decision his department has reached in this regard.

We know that the hon. Minister of Energy, Mines and Resources is responsible for the boundaries between the various provinces and the Northwest Territories. We also know that in the last few months the hon. minister has introduced bills in this house to delineate the boundaries between Alberta, Saskatchewan, Manitoba, Ontario and the Northwest Territories.

On those occasions, I suggested to the minister that the same thing should be done for Quebec, in particular as regards the islands surrounding Quebec which are twelve miles distant from the Quebec shore.

The minister knows that this problem interests many people in Quebec; no doubt he has read the book by Mr. Michel Brochu, geography professor at the École des hautes études commerciales. Besides, the minister knows that this is a problem that should be settled.

If the minister will also take the trouble of rereading some answers given in 1963, I think, before a standing committee of this house, he will realize that, at that time, the representative of the Northwest Territories had no objections at all to new boundary lines between Quebec and the Northwest Territories. These boundary lines would leave with Quebec the islands surrounding the province and located twelve miles from the shore at low tide.

Mr. Chairman, I should just like to ask the hon. minister whether he would tell us what the intentions of his department are on that subject? Does the hon. minister intend to introduce very soon a piece of legislation, as he did for the other provinces, so as to set the boundary lines between Quebec and the Northwest Territories? Could the hon. minister give us his viewpoint in that respect and tell us briefly what his department intends to do about this.

Mr. Pepin: Mr. Chairman, I will answer the last question of the hon. member for Lapointe (Mr. Grégoire).

Like the hon. member, I am interested in clarifying the physical borders as well as the intellectual borders.

I am deeply interested in the problem raised by the hon. member of Lapointe on many occasions in this house, with regard to the boundary lines between the Northwest Territories and the province of Quebec.

[Mr. Grégoire.]

• (3:50 p.m.)

I have asked the department to provide me with a report on the matter. It has been completed and it is on my desk. Unfortunately, I do not have enough time to examine it, but I will do so during the next few weeks and I will see afterwards what can be done about it.

By the way, I would like to remind the hon. member for Lapointe (Mr. Grégoire) that, to proceed in such a way, the federal government represented by my department would have to obtain the consent of the province or provinces in question. Under the circumstances, the province of Quebec would have to agree with the federal government —if such were the case—representing the Northwest Territories and an agreement would have to be signed, in order to proceed to a more exact determination of the boundary lines. It is not a matter of determining boundaries but of specifying more precisely where the boundary lines run. I will consider this problem further and I will have the opportunity, in a few weeks, either in reply to a question or otherwise, to give an answer to the hon. member.

Mr. Grégoire: Mr. Chairman, would the hon. minister allow me to take this opportunity to congratulate him? I see that he has done a good job, that he has been actively concerned with this problem and I want to congratulate him also on his work in his department.

In concluding my remarks, I would simply like to add this. I notice that the minister told us that the report is now ready, that he must study it and that he is waiting for the province of Quebec to show that it is also interested in dealing with that problem. Now that it has become a matter of public knowledge, the government of Quebec will have to show interest. I think that it is, in fact, quite interested in this matter and that it will take steps to sign agreements with the Minister of Energy, Mines and Resources. I hope all these efforts will be successful.

I wish to congratulate the minister on the interest he has shown and the work he has done in this regard.

Mr. Pepin: Mr. Chairman, since the hon. member for Lapointe is being nice today, I will even consider letting him see the document which is on my desk.

Mr. Grégoire: I thank the minister, Mr. Chairman.

[*English*]

Mr. Pepin: Mr. Chairman, at the same time perhaps I might reply to the previous speakers. I do not have much to say in answer to my friend the hon. member for New Westminster because his address was mostly informational and complimentary. I should like to pass the compliments on to my officials, as I believe every good minister should. I should also like to pay a compliment to Mr. Williston, the minister of lands, forests and water resources of the province of British Columbia. Often it is said that there are difficulties in federal-provincial relations. It is not often said that there also is a tremendous amount of good co-operation at the political and official level. Unfortunately what appears in the news reports is information concerning the clashes, while what does not appear in the headlines is the tremendous amount of co-operation that exists. This is regrettable, and I thought this would be a good opportunity to make the observation.

The hon. member for Nickel Belt made three main points. The first had to do with information in respect of mineral resources. I do not wish to labour the problem with regard to jurisdictional divisions because he is just as much aware of this as I am. The hon. member is also aware that the federal jurisdiction in respect of mining is a limited one. Besides scientific research and the administration of a few mineral acts, the officials of my department are mainly involved in the preparation of economic analysis for trade purposes, internal and international.

I think it is well known in Canada that we have in the department of Energy, Mines and Resources one of the best groups of mineral development analysts. For example, numerous articles describing the situation with regard to these resources and the trade possibilities are published every year by the department. While reading mineral magazines I sometimes have the impression—of course exagerated—that most of the writers in that field are members of my department. They are doing an extremely worthwhile job in keeping the industry and the public informed of the situation in the industry. Some of these articles appear under my name. It is obvious that I do not write them. They emanate from my department, and that is the reason why they are so good.

The information which is used is obtained from D.B.S. reports, annual reports of companies, correspondence with the companies, and in some instances from visits, inquiries and investigations. As my hon. friend knows there are a number of assistance programs administered by the department, for example the Emergency Gold Mining Assistance Act. In carrying out their duties in these cases the officials of the department do more than merely inquire; they go around and visit the mines in order to obtain the information they require for the proper administration of the laws.

Another point raised by the hon. member had to do with pollution in the Elliot Lake area, as a result I believe of the nuclear energy development. As he said, this comes under the jurisdiction of the Atomic Energy Control Board, which has limited personnel. For the purpose of carrying out its investigations this board wherever possible uses the existing facilities of the provincial health departments. I am quite sure my hon. friend would not like the Atomic Energy Control Board to double up on the services offered by the provinces. I have followed the development of the previous cases in which there has been federal-provincial co-operation. However, I am not familiar with the specific case the hon. member now raises. I will inform myself on this and be in touch with him in that regard.

On the question of pollution in general, and air pollution in particular in respect of which the hon. member placed a good deal of emphasis, may I say it sometimes seems that my hon. friends regard me as being the minister responsible for all water pollution, and the Minister of National Health and Welfare as being the minister responsible for all air pollution in our country. To a degree I am passing the buck, because my department has a responsibility over resources in general. I agree with the hon. member that sooner or later the federal and provincial governments must take an over-all approach to the problem of pollution—air, water and land. This will have to be done because there is an obvious inter-relationship between the different types of pollution.

The Minister of National Health and Welfare has stated that he is interested in presenting a "clean air" bill, and this, I am told is being prepared. In addition, as is well known a "water bill" administered by my department, will be introduced soon in the house. I believe we should proceed with what is most urgent, according to all the experts who have freely expressed opinions on this

subject. They all believe that the most urgent aspect of the pollution problem is that which pertains to water. Then we could proceed to bring together the other aspects of pollution in what might be an environmental bill.

It is not necessary for me to remind my hon. friend that we are in a situation which involves a divided, shared, or overlapping jurisdiction. This is frequently ignored by members of the New Democratic party. I listened yesterday to one member who suggested that we should not be bothered by constitutional difficulties. That is easy to say but dangerous to do.

• (4:00 p.m.)

I believe all my hon. friends, especially those who sit opposite, but far to my right, will agree that the federal system is the only one under which this country can live politically. If one is to have that system of government, then its disadvantages as well as its advantages must be recognized. If we had had a unitary form of government in Canada we would have had also many troubles of course different from the ones we have now. It is vital that we recognize that we have divided jurisdiction in water matters, that the federal government has some responsibilities and that the provinces have some also. Having recognized this, we have to add immediately that unless the two levels of government get together, hardly anything will be done, because each level of government has the ability of preventing the other level from acting. This is what I have been repeating all along—and I think it is correct—that divided jurisdiction in this country is not un pis aller, as we say in French, or a second best; it is the only way to go, there is no other way to act under our federal system.

This is the mystique, if I may be lyrical for a few seconds, that has to be created, namely that there has to be federal-provincial co-operation because it is the only way to do things in this country in many areas of government activities, if not in most. Unless we are adult enough, mature enough to understand that, we will create all kinds of unnecessary troubles and will slow down our economic and political development.

Again I repeat that in the field of pollution the main responsibility is with the provinces. Hon. members may very well come back to me and say that air has a tendency to move from one province to another, and they may show me a map which illustrates that water has a tendency to move from one province to another and both air and water seem to ignore the constitutional system, but that does not change the fact that we have in Canada a divided jurisdiction in water matters.

While I am very willing to accept some of the suggestions made by the hon. member for Nickel Belt, I should also like to remind him that some of his friends in Toronto, and some of mine in Quebec city, should exercise pressure where it should be exercised in the first place. I am almost fanatical, if one can be fanatical about something of this kind, in building up with the provinces the policies of co-ordination which are very necessary in the whole field of resources development. Again may I repeat, Mr. Chairman, that this is the only way in which we can accomplish important things.

Mr. Barnett: Mr. Chairman, does the minister not agree that we have some responsibility in this house to urge and prod as we see necessary in order that the government may take its part in this federal state about which the minister has been speaking?

Mr. Pepin: Agreed.

Mr. Fawcett: Mr. Chairman, I do not intend to make another speech. I would just like to assure the minister that I was not trying to blame him or the Minister of National Health and Welfare for water and air pollution. I realize that jurisdictional problems are involved in these questions, and indeed I referred to them. My first question is the one in which I am most interested. I believe the minister answered in the negative and said it was impossible to obtain information from the mining companies with respect to their potential in given areas. I would like to know whether there is a yes or no in that answer. Is it a fact that it is impossible to obtain information from mining companies as to the potential of the areas in which they are operating?

Mr. Pepin: Mr. Chairman, I do not know about the details of every plant in this country, but there are ways and means by which the government gets to know about these things. The Dominion Bureau of Statistics, for example, distributes a tremendous amount of information, and my department gains a great deal of information through the investigations and visits to which I have referred. If you want to be dramatic about it, if you really need the information, we can always contact,

I presume, the Department of National Revenue which is a good source of information. But I do not think there is an atmosphere of mistrust between the government and industry in Canada. My visits to different industries, mining areas, gas and petroleum fields, and the like, have convinced me that there is a tremendous amount of good will on the part of industry toward the department. And vice-versa. It is, of course, easier to get information when you send a cheque, and I presume we may have gathered more information with regard to coal and gold, because of the assistance provided to those industries, than we have with regard to nickel, lead and zinc. But this is only a suggestion. I think we are well informed with regard to all minerals.

Mr. Peters: Mr. Chairman, I would like to congratulate the minister on his summary of the operations of the department. I consider that this department has functioned very well since the changeover. I am one of those who came to the parliament of Canada from the mining industry, and when I came I was very surprised that the then department of mines and resources really did not have anything to do with mines, and very little to do with resources. It was a very archaic operation.

I hope that the recent additions to the minister's staff will not provide the kind of pollutant that we are trying to get rid of, and which plagued two other departments recently. I hope the minister will be able to continue the type of development in which he is engaged. His department is very important to the province of Ontario from which I come, and we have been very pleased with the development that has taken place. I have been interested in the work the department has done in regard to the development of minerals, particularly in the Arctic and off the northern coasts of Canada. I have also been interested in following the developments on the polar and continental shelves.

I believe the remarks made by my colleagues the hon. members for Timmins and Nickel Belt indicate that a tremendous amount of mineral resources will be made available to Canada. As development takes place in our outlying areas we will find that these natural resources are one of the basic sources of wealth of this nation. For this reason I am pleased by the work being undertaken by the department. The amalgamation in the department of mines with respect to the treating and processing carried out in various forms of mining has been very helpful. The people in my area are very appreciative of the work done by a previous deputy minister in the development of improved methods in the processing of the iron ore of the area in order to make it an economic product. The federal mines department did a great deal of work in this area.

I have also been very interested in the remarks of the minister over the months. In my opinion he has proven to be a very capable and progressive young minister. Because he is a capable and progressive minister I made the remarks that I did a few moments ago. I have seen other departments suffer because they have not been as fortunate as his. I do not say there is any similarity between the Minister of Industry and the Minister of Energy, Mines and Resources, because obviously they are two different people, but they are handling two departments which I think have a great deal in common, and there is a certain amount of overlapping in them.

I agree with the minister that there is a division of responsibility in this field. We have a federal state and therefore a problem with the division of jurisdiction between the federal and provincial governments. These problems do not necessarily arise out of our constitution but from the British North America Act, which in my opinion is amendable. That, however, is not the point I wish to make. If the minister sincerely believes that a program should be undertaken, it probably could be undertaken if the federal government gave leadership. The programs in which the federal government has given leadership over the years have been pretty broad and fairly progressive.

• (4:10 p.m.)

With regard to programs where we have sat back and waited for the federal government to co-operate with the provincial governments, such as the area development program, we have found that the provincial authorities either did not have the resources or did not have the foresight and the vision which would allow them to go beyond the established area. This is a field in which the federal government has a very good record.

The minister mentioned his responsibility in the realm of water. I was surprised, when I sat on a committee which was discussing the water level of the Great Lakes, to learn that there were approximately 15 departments in the Ontario provincial government

and in the federal government involved in the matter of the water level in the Great Lakes. In addition to this, approximately 11 or 12 agencies in the United States and a number of Quebec provincial agencies are involved in this matter. So that when we were discussing the problem of the water level and pollution in the Great Lakes, and a number of other things, the federal government had a legitimate excuse to say they could not do anything about the water level in the Great Lakes until all the provincial departments had co-operated and made up their mind what they would do.

They also had a legitimate excuse to say they will get it all settled when they receive the co-operation of the states of New York, Pennsylvania, Michigan, and all the other states which border on the lakes. I am sure the minister realizes that the problem which faced the committee appears to have no solution. Yet some action was taken by the International Joint Commission which has made it possible, by an international treaty and by delegation of authority, to investigate some aspects of that problem which I do not think could have been investigated by mere co-operation among the various departments.

When I asked one of the members what was the level of the water in the Great Lakes, I was surprised to learn from him that the water level has risen approximately 11 inches in the last two years and that it is likely to rise another 11 inches. He had knowledge of this because he lived along the shore of one of the lakes. In my opinion this would go a long way toward compensating the four foot drop which that area experienced in a relatively short period of time.

The information the committee was lacking was of a kind which the minister's department could have supplied. We were very interested to learn that the only statistics which were available in the department for a long period of time were United States army statistics. I understand the United States army has been given certain responsibilities in this respect, although this is not confirmed by the International Joint Commission. I am informed that some type of survey was carried out by United States army officers in the area of the headwaters of the Nipigon, and that this is very hush-hush. I hope it is not secret so far as the minister is concerned because we have not been able to duplicate the services carried out by the United States army over a 50 year period. But I and the people in that area hope the day will come when we will be able to carry out the necessary type of survey. I am very pleased to learn that a Great Lakes centre is being established at Burlington and that it will be responsible for the level of the headwaters of the Great Lakes.

Unfortunately our discussions are limited to the estimates before us, but I would be very interested to know whether or not any work has been carried out in connection with the ripple control which was to be installed, or it was hoped would be installed in the lake St. Clair area, if we are to have a reasonable control over the level of water in the Great Lakes. It shocked me to hear, because I did not know it before, that a certain amount of water put into the lakes at lake Superior will take three years to reach the city of Montreal. This immediately raised the question as to what would happen if we found it to our advantage to go ahead with the arctic watershed diversion. If we dropped a year's water supply into the Great Lakes and a year later it was discharged at Montreal, at a time when an unsually heavy run-off and rainfall might occur we might find we had created a worse situation than we had anticipated.

Floods are to be expected, and with uncontrolled Great Lakes distribution the problem is intensified. This is the case particularly in Pennsylvania, where there can be as many floods as there are shortages of water but where the damage created as a result of floods is far greater than the difficulties created by a low-water level.

I was very pleased to hear the minister say that the two year study in northern Ontario was being pressed forward. I presume the report will be available in the near future, and I hope this will be done in conjunction with the diversion proposition. During every election campaign we hear politicians refer to the water diversion project from James bay. I was very surprised to see literature being distributed during one of the recent elections, describing barges going up and down the Ottawa river and across lake Timiskaming as far as James bay. While I presume this is feasible, to me it sounded rather like Buck Rogers, because I can see no reason why barges should be moving through that area. We have a great time driving logs down lake Timiskaming and down the Ottawa river, and I see no reason for the addition of barges which might create a considerable displacement. The argument was advanced that all the towns on the waterway from Montreal

to James bay would be port cities with an import and export potential. This sounded like a very nice dream, but I think the sooner a survey is started which will indicate the potential of that type of diversion, the better will the people concerned understand the problem. I am not at all opposed to that diversion, and I am not opposed to the extension of the waterway over part of the area. But I think there is small possibility of running it from Montreal to James bay for heavy transport, and I do not expect to see it in my lifetime.

The minister explained in some detail his responsibility in the field of pollution, and what is being done about it. I was pleased to hear some Liberal leadership candidates making what I think are helpful statements with regard to pollution of the waterway in the Ottawa rivershed. One of the candidates said that it was a disgrace. We have known this for some time. It seems to me this is one of the fields in which the federal government would be wise to set up joint responsibility.

Mr. Cowan: Would the hon. member permit a question? I should like to ask him which minister said that the pollution of the Ottawa river is a disgrace, and how did he propose to correct it when he becomes the leader of the Liberal party? Did he explain why he does not do something about it now?

Mr. Peters: I suggest the solution is much easier for the candidate than it will be for the next prime minister of Canada. I am not suggesting that election promises, even those made by Liberal members, will necessarily be kept. I was just pleased to learn that he knew it was a problem.

• (4:20 p.m.)

I should like to refer to the Ottawa river watershed, which has been of great interest to me. I have been concerned with another department in connection with this matter because we seem to have no control over that waterway at all. There are 500,000 cords of pulpwood driven on lake Timiskaming, and this is a very important industry in northern Quebec as well as on the Ontario side. We have not been able to control the driving of the logs simply because the season extends over a long period of time. This is not really a river drive. The logs are hauled by tug and therefore it takes all summer to haul the quantity of logs that has to be hauled.

What really concerns me is the fluctuation in the river level, because that is associated with pollution in the area. On occasion the drains from the towns along the waterway are exposed to the air and one can see the raw sewage being dumped into the lake. I presume the minister was referring to the Ontario water resources branch when he said that occasionally we do not get the co-operation from Toronto that we should get. I felt that way myself when they insisted that I make a number of expansive changes where I live on the lake, but neglected the municipalities along the lake. It did not seem to me I was contributing to that problem nearly as much as they were.

Over the years there have been so many different changes in the act that Ontario Hydro and Quebec Hydro have been permitted to do certain things. For example the Department of Public Works allowed Quebec Hydro to open the new dam to allow a certain amount of water out, but they did not tell the power company when to shut it off. By the time the week end was over, the water level had risen 14 inches. Nobody really controls the thing. No one considers what is going to happen in Ottawa or the other areas below the dam. There has to be some control, but no control has been developed to this date.

I should like to say a word or two about the mapping service. This is an area in which I believe Canada is a long distance ahead of most other countries in the world. We have the longest shore line in the world and probably the largest uninhabited territory in the world. The mapping facilities we have been able to develop in Canada are second to none. The reproduction machinery we use for map compilation is probably as good as has been developed. I understand that many countries are interested in the technology we have been able to develop in this field.

Perhaps this is an area the minister could consider when we are talking about assistance to foreign countries. I had the opportunity of discussing with several cabinet ministers of countries in East Africa, the way in which Canada could be of assistance to those countries. Since many Canadians are reluctant to make a general contribution in the form of external aid but are willing to provide technical assistance, and since one of the problems of these countries is their inability to develop a mapping service to make surveys of the potential of their countries, I was wondering if the minister would give some consideration to making some of our people available to these countries. This would enable them to

take advantage of the techniques we have developed to a very high degree.

The last point I should like to mention, Mr. Chairman, is the roads to resources program. I should like to ask the minister to extend this program this year. I have said that the work being done in remote areas by the federal government and by provincial governments in this field has been very extensive. When I look back at the history of northern Ontario, I am always impressed to find that when the initial survey crews went through northern Ontario before the turn of the century, about 1886, they made an assessment of the potential of northern Ontario in resource materials.

It is interesting to note that during that short period of time, probably not more than two years, the ten crews surveyed the whole potential of northern Ontario. They made a catalogue of the many resources of the area. Since that time both the federal department of mines and the provincial authorities have completed the catalogue. It is interesting to note that this survey of northern Ontario not only pinpointed where the mines were going to be, but where townships were going to be developed that would be suitable for cultivation. This is surprising when you recall that these areas were all covered with timber at the time. The townships indicated on the survey are almost identical with the farming areas and townships that exist today. The mineral areas were pointed out long before silver was found at Cobalt or gold at Kirkland Lake.

This roads to resources program is not the haphazard development it may seem. When we agree to a roads to resources project, we are not taking a chance on the development of some resource as a result of the implementation of that project. We are fairly sure, as a result of the outline that has been given by the geologists and other members of the mines branch. I hope therefore the minister will extend the life of the roads to resources program. I am aware of the fact that anomalies are produced. I am sure one of them will be the new road to resources from Timmins to Sudbury, which is being developed. It seems that if somebody has a friend about 20 miles off the route, the road is made to curve in that direction. The road may just as easily lead to resources 20 miles off the straight line as it would in a staight line, but I suggest the government should leave a little bit of the development to the entrepreneur. I consider that Brown Industries have enough money to look after themselves. I suggest that the route of roads to resources be plotted from the minister's point of view, rather than from that of the interests it may serve. We should look at it in a fairly detached light.

[Mr. Peters.]

At a later point I should like to say something about the Gold Mining Emergency Assistance Act and the problems connected with it. Perhaps the result of such a discussion will be a blueprint for the mining industry for the next two year period, that will enable that industry to make decisions.

Mr. Germa: I should like to concur in the opening statement made by my colleague, the hon. member for Timiskaming, in which he stated that this minister may be one of the more progressive ministers in the cabinet. I have no reason to believe that he is not. Therefore I have chosen to rise on this occasion to bring to his attention some of the matters that I think would contribute to the development of Canadian resources, to the benefit of the people rather than that of the foreign owned companies that seem to control the mineral wealth of the country.

• (4:30 p.m.)

That this parliament is not too much aware of our resources in Canada was brought home to me two or three years ago when the former member for Sudbury saw fit to bring 60 or 70 members of this house to the city of Sudbury where they were wined and dined by the mining companies. I was a member of the city council at the time and was invited to that function. I got into conversation with some of the members of the house who were quite elated at the wealth that they suspected was being produced and spread around the community of Sudbury, when they saw three mighty smokestacks 600 feet high belching forth their fumes. However, these members were quite surprised when I told them that although there were 125,000 people in the Sudbury district either directly or indirectly concerned with mining, not too much of the wealth was to be found in the city of Sudbury or its environs. They did not know about the three year tax exemption that the mining companies had been granted. Neither were they too familiar with the 33⅓ per cent depletion allowance given to the mining corporations. These members did not know that at the provincial level mining property is not subject to municipal taxation. So that even though it may have looked as though we were a wealthy community, and that the smoke

and industry indicated this, in fact we were not.

Most of the mineral wealth in Canada is concentrated in that area known as the Laurentian shield, that great horseshoe that circles Hudson bay, extending all the way down through Quebec, into Ontario and up into the northeastern corner of Manitoba. This particular area has sparse representation in the house because of its small population. Therefore we do not hear as many orations about mineral wealth, as we do about wheat production from the wheat farmers, or about our fisheries from the fishermen of New Brunswick and Nova Scotia. Very few members of this house come from the Laurentian shield area, and it is for them to tell the house about what is going on there. I do not come to this house as an expert in mining, even though I did work for a mining company for over 30 years and know how the job is done.

I should like to correct what I think is a mistaken impression. Some people suppose that the companies that acquire the right to mine minerals have sole jurisdiction over the property. However, I think we must acknowledge that it is the people of Canada who are the original owners of the wealth of this nation, and that it is the responsibility of the government to intervene on their behalf at any moment they see the people not benefitting from the development of these resources.

There is no doubt in my mind that the day will come when every body of ore in the country, will have been depleted. Mining is a self-diminishing industry, and the faster you deplete its resources the sooner will this day come. Last night, Mr. Chairman, on the television news I heard an account of the closure of one of the biggest gold mines in Canada. This mine is laying off 500 men today. At one time the mine employed 3,000 people; today there are 500 and tomorrow there will be none. The newscaster pointed out that this mine had produced in its lifetime $600 million worth of gold.

Now that the gold has been depleted the mining company has seen fit to abandon the community that has been built to serve the mine. I am wondering whether the people of that community should not have some claim to part of the wealth produced by the mine. Could not a certain percentage of the wealth produced by natural resources be set aside to rehabilitate those who live in the community, and help develop those resources? Up until now no provision has been made for the diversification of these industrial workers within the community. Some provision should be made for the workers by way of the development of secondary industries, so that our miners could turn to some occupation other than mining when our natural resources are exhausted.

There are dozens of ghost mining towns in northern Ontario, Mr. Chairman, where nothing swings except the broken shutters on the windows of rundown houses. These dwellings have been abandoned by mining companies and of necessity the miners and their families have had to leave the community. It is a sad commentary that none of the wealth that has now been exhausted was ploughed back into the community, or used to place the workers in some other occupation.

No wealth in the world can be produced, Mr. Chairman, until somebody picks up a tool and does something with it. Wealth could lie in the ground for another thousand years and the world would not be one penny richer until somebody extracted that wealth from the earth and put it to use. The same thing applies to the lumber industry, a large industry in northern Ontario. Forests could stand for a thousand years and no wealth would come from those forests until someone lays an axe on the trees. When the chips start to fly we begin to generate wealth.

The mining companies of course would object if the government chose to impinge upon the free enterprise system by adopting the course that I have suggested; but let me remind you of the socialist aspect of the mining industry. This house was more or less forced to pass the Emergency Gold Mining Assistance Act. This is socialism for the rich and free enterprise for the poor. While gold mining companies were making vast profits they did not want interference in their operations. They wanted freedom to reap profits from the ground. When they got into trouble with production costs of gold, the government had to come in. It said, "We must help to keep these companies going because we must keep our people employed." If some part of the $600 million that Hollinger has extracted from the ground had been retained by the government, the money could have been used to rehabilitate Timmins or diversify industry there. You see, eventually the government has to step in and take over from free enterprise. Eventually an area's natural resources are depleted, and without government help the people would be at the mercy of the elements.

Supply—Energy, Mines and Resources

• (4:40 p.m.)

In his opening remarks the minister spoke about Canada's constitution and what the federal powers were 100 years ago. I agree that if they had tried, our founding fathers could not have evolved a more complicated form of government than we have at present. We are governed by three levels of government, the jurisdiction of one level often conflicting with that of another. In the beginning most powers were vested in the federal house; but as the years went on, either because we had weak federal governments or strong provincial governments, the power of the federal house was steadily eroded. The party that has been in power the longest during the past 100 years must take much responsibility for the erosion of federal power. This government ought to try to recapture some of that lost federal power. The power of the federal house has been eroded to the point where provincial premiers sometimes dictate to the federal government. That is untenable, and steps should be taken to recapture for the federal house some of its lost powers. The minister may have to step on some toes; though he has not prime responsibility in this matter he may well have to make enemies of people like Premier Robarts, in an attempt to recapture that power.

Among the minister's wide fields of interest, water resources come high on the list. Anyone flying over northern Ontario may be pardoned for thinking that there we have more water than land. That water is either in the Hudson Bay or the Great Lakes watershed. Since the Great Lakes are an international waterway they come under federal jurisdiction, where that jurisdiction may be exercised. The minister also intimated that his jurisdiction could not extend up every stream or creek that empties into the Great Lakes. These smaller waterways come under provincial jurisdiction.

I wonder how a certain fisherman on the north shore of lake Huron would reconcile those positions. This fisherman was fishing in the north channel, and shipping to New York. While he was so engaged the Kalamazoo Vegetable Parchment Company, now Brown Forest Industries Limited, a foreign owned pulp company, were dumping effluent into the Spanish river 50 miles from the Great Lakes. This effluent drifted down to the mouth of the Spanish river, to where fishermen were fishing. As I say, the fishermen shipped their catch to New York. One fisherman called Bishop got a letter from his New York outlet saying that the fish were received in good condition, but that the stuff was inedible because it tasted of some carbolic substance. That taste could be attributed directly to the pulp mill operation 50 miles from the Great Lakes.

So, clearly, if the minister has a responsibility to protect the Great Lakes he ought to extend his jurisdiction 50 miles from the Great Lakes shoreline. It is no good saying: Federal jurisdiction ends at the shoreline, and beyond that you are under provincial jurisdiction. Great Lakes water comes from the streams that feed the Great Lakes. I think this matter ought to be pursued with the provinces and pressure ought to be applied to clean our water.

The minister probably does not know that even though the fishermen and camp owners on the Spanish river obtained a court injunction against the then Kalamazoo Vegetable Parchment Company, the then premier of Ontario brought in special legislation giving Kalamazoo the special privilege to pollute the river. Understandably, on resigning that premier was appointed to the Kalamazoo board of directors. I believe at that time he was appointed to the boards of 17 different corporations.

I want to bring to the minister's attention a communication I received. I believe the minister also received a copy of it because his name appears on the long list of recipients. The letter in question was from a Mr. William R. Warnick, a professional engineer of R.R. 2, Lowbanks, Ontario, and in it he talks about the fertilizer plant near Dunnville, Ontario, which received wide publicity as a result of a C.B.C. program to do with fluoride pollution. The writer says that 12 tons of fluoride every day find their way to the lake Ontario area. He says that about 4,639 tons, or about 36 million pounds per year, are dumped. The writer's figures show that about 200 box carloads of fluoride every year find their way into the Great Lakes system. Fluoride flows down a number of creeks and the Grand river to the Great Lakes. I know that the water at Niagara Falls is polluted. One has only to walk on the street in Niagara Falls near the escarpment to know that the Great Lakes are polluted; you can smell the pollution as the mist passes over you. For many years our policy toward water in Canada was called the two stream policy by the medical officer of health for Sudbury: There was the downstream and there was the upstream. The lucky people lived upstream

and the unlucky ones lived downstream. This worked pretty well when we were a very young nation with a small population. But today almost everyone lives downstream from someone else, so this policy has to be changed.

• (4:50 p.m.)

The minister mentioned a possible amendment to the Income Tax Act under which industry would be allowed a tax write-off in connection with money spent on pollution control equipment. It is debatable whether this would be a good policy because its application would mean we were asking the people of Canada to make a donation to enable industry to instal anti-pollution equipment, and I do not think this is a fair charge against the public.

I believe the cost of installing anti-pollution equipment is a fair charge against the profits of the company developing the resources. If those resources are worthy of being developed, then all the expenditure properly involved in their development should be borne by whomever is making a profit out of the operation, not by the rest of Canada. I do not see why Canadian citizens should have to subsidize profit making corporations in an area such as this.

In some countries a method of weighing pollution and imposing taxes accordingly has been adopted—the reverse of what has been suggested in this committee. As I pointed out, there is one plant which is dumping 4.8 tons of fluoride into lake Erie every eight hours. Why should we not levy a penalty of so much a ton in respect of the pollution which this plant sees fit to pour into the Great Lakes? The penalty could be $100 or $200 a ton, I do not care how much. But as the pollution is reduced, so would the penalty be reduced.

I understand that an incentive system of this type is in use in one of the most heavily industrialized areas of the world, namely the Ruhr valley. The money collected is used by the government to instal further anti-pollution equipment. In the long run the cost of this equipment is provided by industries contributing to pollution. I would point out that usually the pollution is in direct proportion to the profits a company makes, because if it is not considered necessary to install anti-pollution equipment, profit rises. This is why it is hard to persuade industry to spend money upon equipment which is regarded, in some cases, as non-productive. So instead of the taxpayer having to contribute to the cost of anti-pollution equipment I suggest a penalty tax imposed on a tonnage basis as an incentive to companies to clear up pollution, in order to rid themselves of extra taxation.

The letter I spoke of was addressed to the director of the Ontario water resources commission and in it the writer asks a total of 33 questions. I wonder whether the minister has taken the time to read this letter and whether he has replied to those questions which concern his jurisdiction. I do not intend to read out the 33 questions but I believe the minister should consider this letter and perhaps give an answer to some of the questions—for instance, to question No. 24 which asks whether there is any truth in rumours that there have recently been stillbirths in humans, and to question 25: "Can you account for my cat bearing her last few litters stillborn and deformed?"

Mr. Chairman, when we hear of animals being stillborn and deformed it is time we began to investigate. I have no doubt that human beings can endure more of these poisons than can small animals such as cats, but eventually the concentration builds up until it reaches a point where harm is done.

With these few words I would ask the minister to consider what I have said, especially about the cost of pollution abatement equipment needed by industry. I sincerely believe this should be a legitimate charge against industry and not a charge against the taxpayers of Canada.

[*Translation*]

Mr. Cadieux (Terrebonne): Mr. Chairman, it seems that it might be possible to pass the supplementary estimates for National Defence which represent salaries. We need those votes to complete this month's pay. I understand that both sides would agree to passing these at the present time.

[*English*]

Mr. Knowles: It is correct that there have been conversations on this point, and the minister has described the position as we understand it. We suggest that the item we are now discussing under the Department of Energy, Mines and Resources be allowed to stand and that the National Defence items be called and agreed to without debate.

Mr. MacLean (Queens): That is agreeable to us, provided it is without debate.

The Assistant Deputy Chairman: Does the committee agree that the supplementary estimates of the Department of Energy, Mines

and Resources be allowed to stand and that the supplementary estimates of the Department of National Defence be now considered?

Some hon. Members: Agreed.

DEPARTMENT OF NATIONAL DEFENCE

Defence Services—

15c. Operation and Maintenance and Construction or Acquisition of Buildings, Works, Land and Major Equipment and Development for the Canadian Forces, $58,769,000.

Item agreed to.

Defence Research—

35c. Research Satellite Program—To provide for the design and instrumentation of a series of satellites to carry out a scientific research program agreed upon jointly by the United States National Aeronautical and Space Administration and the Defence Research Board, $500,000.

Item agreed to.

Mr. Bell (Carleton): As far as we are concerned we are prepared to go ahead and complete the others.

Some hon. Members: Hear, hear.

Mr. Knowles: I think it is five o'clock, Mr. Chairman.

Mr. Pepin: Un-Christian.

Resolutions adopted in committee of supply this day reported and concurred in.

• (5:00 p.m.)

Mr. Deputy Speaker: It being five o'clock the house will now proceed to consideration of private business as listed on today's order paper, namely public bills and private bills.

CRIMINAL CODE

AMENDMENT SUBSTITUTING LETHAL GAS FOR HANGING

On the order:

Second reading of Bill C-28 an act to amend the Criminal Code (Capital Punishment, Form of Sentence)—Mr. Cowan.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I am prepared to stand discussion of Bill C-28 provided it does not lose its position for discussion next Friday afternoon, or the following Friday.

Mr. Deputy Speaker: Is it agreed that Bill C-28 retains its position on the order paper for next Friday or the following Friday?

Some hon. Members: Agreed.

[The Assistant Deputy Chairman.]

IMMIGRATION ACT

PERMANENT STATUS FOLLOWING RECOVERY FROM MENTAL DISORDER

Mr. Hubert Badanai (Fort William) moved the second reading of Bill No. C-30, to amend the Immigration Act.

He said: Mr. Speaker, the purpose of this proposed amendment is to give permanent status under the Immigration Act to immigrants who have suffered from a mental disease or disorder but who apparently have been cured. Persons who have been convicted of and imprisoned for crimes are granted permanent status after a period during which they have demonstrated their rehabilitation. Under the present provision of the act persons who have ever suffered a mental illness are not given a like opportunity to prove their recovery.

In the white paper on immigration the Minister of Manpower and Immigration (Mr. Marchand) has in fact recognized the sheer discrimination contained in the present regulations by indicating the government's general intention. At page 24, paragraph 58, the white paper contains the following statement:

> Scientific knowledge and medical skill have reduced substantially the element of risk once inherent in certain illnesses. The present grounds for prohibition do not altogether reflect this advance. Nor are they altogether in line with modern medical and sociological concepts, particularly in respect to mental illness and epilepsy. Persons actually insane or suffering from contagious or infectious diseases ought not to be admitted as immigrants or non-immigrants, unless they are coming to Canada by previous arrangement and under proper safeguards to take treatment. However, an illness that has been cured or brought under control, to the point where no danger to public health or safety exists, should not be a bar to either temporary or permanent admission. Nor should mental or physical defectives be excluded for that reason alone, but only if they represent a danger to society or are not assured of private care.

I am now very pleased to report, Mr. Speaker, that the minister has indicated to me that he approves the general intent of this bill. He agrees with me that one of the most urgent needs for change in the Immigration Act is the removal of that section which authorizes the minister to issue a deportation order on a legally entered immigrant if the said immigrant should have the misfortune to enter a mental home.

At present, under the Immigration Act, a landed immigrant who has the misfortune to be admitted to a mental hospital is immediately placed under deportation order, and this order is not removed after the patient has

been discharged from hospital fully recovered, even though he may enjoy many years of good health and never suffer a relapse.

This is a total disregard of justice, for even though the unfortunate individual has completely recovered from his mental illness he cannot recover his status as a landed immigrant. Although he may live an honourable life, reaching old age, he cannot qualify for citizenship because the act as it stands does not give the minister the power to remove the deportation order.

The fact that a deportation order is never acted upon in instances such as this does not alter the fact of this outmoded legislation, which is the worst encroachment on the rights of individuals ever to be put on the statute books of Canada. For many years I have viewed with alarm the retention of the present provisions of section 5 of the Immigration Act dealing with insanity, and I am thankful that we have been promised the removal of these provisions. Immigrants who have suffered from a mental disorder and who have been discharged as cured from a mental hospital, if all other qualifications required under the Citizenship Act are met, should not be denied Canadian citizenship.

I know of cases of persons right now who are unable to qualify for Canadian citizenship because of this monstrous section in the Immigration Act. These unfortunate individuals, with families, directing their own businesses, even employers of labour, suffered a nervous breakdown and had to undergo treatment in an Ontario mental institution for a period of months, but they were later discharged as cured and they have never suffered a recurrence of the disease.

Until this legislation is amended not only is such a person unable to qualify for Canadian citizenship but he cannot leave the country, say, to visit his homeland, which is a perfectly normal desire, for if he were to do so he would find himself in the prohibited class of persons who could never re-enter the country.

Now, sir, I wish to give you some of the details of a case in my own constituency. Without requiring lengthy consideration, any reasonable person would come to the conclusion that here was a case of unparalleled inconsistency in government legislation. In 1954 an order of deportation was issued against a man in my constituency, whose name for obvious reasons I shall not divulge; but the facts are all too true. Two and a half years after his arrival in Canada from Italy he was confined in the Ontario Hospital at Port Arthur for a period of two months, following a nervous breakdown. After his discharge from hospital he continued to work for various companies, including the Canada Car Company of Fort William, until 1957, when he accepted a position with the Marathon Corporation of Canada. Then in 1961 he started a business of his own, which he still operates, employing three other persons. At about this time he applied for Canadian citizenship, but was of course rejected.

When the present government took office in April, 1963, this fellow appealed to me for help to obtain his Canadian citizenship. Although I received a sympathetic response from the department, my representations on his behalf met with no more success than his previous attempts. Nevertheless I kept at it in the hope that surely there would be a breakthrough in this unjust regulation, and today I am pleased to say that this breakthrough has occurred, or is about to occur.

I personally appealed to the then deputy minister of citizenship and immigration, and on March 26, 1964, I received a reply from which I wish to quote in part as follows:

> I have reviewed the immigration branch file concerning your constituent, which indicates that he was granted landed immigrant status in May, 1951. He was getting along satisfactorily but unfortunately, in August, 1953, he became ill and was committed to the Ontario Hospital at Fort William. He was discharged after a short time but within a matter of days was returned to the hospital where he remained for over a year.
>
> Full particulars of the case were referred to the immigration medical advisers who diagnosed his condition as "schizophrenia catatonic type". An immigration inquiry was held and in February, 1954, his deportation was ordered on the grounds that he had become an inmate of a hospital for mental diseases. Although his appeal was dismissed, as he had been discharged from the hospital and had resumed his employment, deportation proceedings were deferred indefinitely.

● (5:10 p.m.)

> Over the years, this individual has called periodically at the immigration office in Fort William, in an effort to have his landed immigrant status restored. Unfortunately, his history of mental illness places him within the categories of persons whose admission to Canada is prohibited by statute. Under the present Immigration Act there is no provision for removing him from the prohibited classes and unless legislation is passed to change this situation no action can be taken towards his landing.
>
> No unfavourable reports have been received concerning this individual and you may assure him that in his present circumstances he may be allowed to remain in this country indefinitely under deferred deportation proceedings. You might also wish to advise him that the immigration officials will review this matter from time to time and that if any change occurs which would allow for

restoration of his status, his case will be considered.

In view of your interest I am sorry that my reply is not more encouraging. Yours sincerely.

On March 30, 1964, I replied to the deputy minister as follows:

Your letter of March 26th dealing with the case of the owner of an insurance and travel agency and resident of the city of Fort William is one which requires further explanation.

This individual was granted landed immigrant status in May 1951. According to your own statement, he was getting along fine. He was a good worker and I have the testimony of the firms he worked for.

In August 1953 he suffered a nervous breakdown, and was admitted to the Ontario Hospital at Port Arthur, Ontario. A few days later he left the hospital, to return for several months.

Because he was an immigrant, without a certificate of citizenship, the case was brought to the attention of the Immigration Department, the officials of which ordered his deportation on the grounds that he had become an inmate of a mental hospital. He appealed the deportation order, which was dismissed. However, as he had been discharged from the hospital and had returned to work, deportation proceedings were suspended.

Since 1954 he repeatedly visited the Immigration Office at Fort William, in an effort to have his landed immigrant status restored to enable him to apply for and obtain Canadian citizenship; this has been denied to him.

In your letter you state that, under the present Immigration Act, there is no provision for removing him from the prohibited classes and, unless legislation is passed to change present regulations, no action can be taken to have his deportation order removed.

In the next paragraph of your letter you state that no unfavourable reports have been received concerning this man and that, in his present circumstances, he may be allowed to remain in this country indefinitely under deferred deportation proceedings.

In the same paragraph you state the Immigration officials will review this matter from time to time, and if any change occurs which would allow for restoration of his status, his case will be considered

What is there to review, may I ask, when the man has been absolutely normal for ten years? I have spoken personally to the priest whose church he attends regularly. I have questioned people who know him and respect him, none of whom had even the slightest idea that he had been a mental case.

I look upon the disposition of this case by your department as being highly unsatisfactory, and I would ask you to be good enough to have an inquiry made by some competent person, as soon as possible.

On May 7, 1964, I received the following memorandum from the deputy minister:

As the result of your letter of March 30th and our subsequent telephone conversation, I have prepared a full report concerning all the circumstances in the case of the individual who has been allowed to remain in Canada under deferred deportation proceedings since 1954.

[Mr. Badanai.]

First, let me say that my letter of March 26th is factually correct. Under present legislation there is no provision for removing him from the prohibited classes and as his landed immigrant status cannot be restored, it is proposed to allow him to remain indefinitely under deferred deportation proceedings. His file is brought forward and reviewed periodically along with those of a number of other persons whose situation is identical. This review is carried out so that the cases will not be forgotten and to ensure that if it becomes possible to restore landed immigrant status to these persons, it will be done as quickly as possible.

Let me assure you that all concerned are as dissatisfied as you are with the old fashioned provisions of the act pertaining to mental disorders. I would be very pleased if there were some means by which the minister could exercise discretion to 'land' this individual and with this thought in mind, full particulars of the case have been referred to both the departmental legal adviser and the Department of National Health and Welfare for review.

Our legal adviser has expressed the opinion that the deportation order made against him was arrived at in a regular manner, in accord with the requirements of the Immigration Act and there was no error or irregularity in the proceedings that would afford grounds to quash it. When arrived at regularly in this way there is, of course, no discretion in the minister to quash the order—the minister being required in this respect to obey the law as much as other persons. The legal adviser has expressed the opinion that it is not possible to quash the deportation order.

The National Health and Welfare officials have reviewed the file and according to their report, he was treated in the Ontario Hospital, Fort William, on two occasions—from August 18, 1953, until September 8, 1953, and from September 27, 1953 until November 6, 1953. At each admission the diagnosis was the same—catatonic schizophrenia. Catatonic schizophrenia is a psychotic illness.

They state that 'insanity' is a legal, not a medical term. For practical purposes they regard psychotic illness and insanity as synonymous. Consequently, were he now being examined as an immigrant he would be certifiable under Section 5, s.s. (a) (i) of the Immigration Act for previous insanity (catatonic schizophrenia). The accuracy of the diagnosis in relation to the symptoms upon which it was based leaves no room for manoeuvre.

In their report it is explained that when the Immigration Act was framed, insanity was regarded as an incurable illness. It is now known to be temporary in certain cases. This individual, following successful treatment in 1953, has been well for over ten years and they would consider that the risk of recurrence is very small indeed. The certification under Section 5, s.s. (a) (ii) which would be applicable now would be based upon history alone. It is quite possible that his present condition would permit of no certification at all.

However, Section 5, s.s. (a) (ii) refers to immigrants who have been insane at any time. 'Upgrading' would require the 1953 diagnosis to be shown to be wrong and unfortunately, all the evidence in their possession indicates that it was correct.

I realize that this report is rather lengthy and somewhat involved but I do hope that it will convince you that we have not treated him unfairly

and that his landed immigrant status is not being restored because the Immigration Act precludes this action.

Now, Mr. Speaker, one can readily understand what prompted me to introduce this bill, which has been on the order paper for over two years and which I hope the house will approve in principle without delay. I wish to express deep appreciation to the minister and his officials for their co-operation and understanding in respect of this vital question. I also express the hope that everyone present will vote for the passage of this bill.

Mr. Peters: Mr. Chairman, before the hon. member resumes his seat I should like to direct a question to him. I was shocked by the callous disregard for the person involved in the letters which the hon. gentleman has received. Is it not the opinion of the hon. member that the very unfortunate attitude of the deputy minister in respect of this unfortunate immigrant is symptomatic of the schyzophrenic mind of the deputy minister concerned.

Mr. Badanai: I regret to say to the hon. member that I cannot agree with his definition. The deputy minister was merely following the legislation. It is up to parliament to change the legislation in order that the deputy minister or any other official would be in a position to do something for this person, under the legislation. If this bill should pass, the officials from now on would be a little more sympathetic.

Mr. John Gilbert (Broadview): Mr. Chairman, the members of the New Democratic party fully support the amendment brought forward by the hon. member. Possibly the reason he has brought this forward is that, having been born in a European country, I believe Italy, since coming to Canada he has experienced some of these problems at first hand in his area, and therefore has become very sensitve to them. No doubt he is very anxious that these problems be cleared up, not only for the benefit of the people whom he represents but also people all across Canada who are in a similar position.

• (5:20 p.m.)

If the hon. member for Greenwood (Mr. Brewin) were here, he could cite many examples of the same problem that the hon. member has experienced. He could give in detail the results he has obtained in trying to help these people. I also come from a riding in which many immigrants live. In the last ten years in particular a number of Italian, Greek, German and central European immigrants have come into my riding. Some of them have had problems which are quite similar to those cited by the hon. member. It gives me pleasure to rise and support this amendment because I also am sensitive to the problem and should like to see the amendment carried.

I was very glad that the hon. member gave the Minister of Manpower and Immigration (Mr. Marchand) full credit in this respect, because the hon. member knows as well as the rest of us that this minister is a man of great compassion and understanding. I do not doubt that this compassion and understanding derives from his training in the labour movement and experience as a former member of the C.C.F. party and the New Democratic party. I am sure that experience had a great deal of influence on him. We are happy to understand that he supports this amendment.

The provisions of this section were probably drafted at a time when there was not a great deal of immigration to Canada. It was probably passed when we had limited immigration to this country. It may be, therefore, that the problem did not arise with such severity as it does today. If I have any criticism of the section and this amendment it is with regard to the word "insane". Hon. members will notice that the section reads in part, "are insane or, if immigrants, have been insane at any time", and so on. The word "insane" is not generally accepted by Canadians today. It connotes something that we do not really like to think about. We have got rid of the title "insane institutions" and call them mental institutions. I would hope there would be a further amendment to the section and the word "insane" changed to the phrase "mental illness", because what the amendment is aimed at is that if a person suffers from mental illness, and through treatment is cured for at least seven years, this indicates that he should be considered to be a proper applicant for Canadian citizenship. We agree wholeheartedly with this principle and would like not only this amendment to be adopted but a change made in respect of the word "insane".

I notice that the hon. member for Spadina (Mr. Ryan) seconded the motion. I think he could tell us about this problem in dramatic terms, because he comes from a riding in which many European people live. He has probably had similar experiences with regard

to the problems of immigrants. I should also like to think we were big enough and possessed enough understanding to make further amendments in order to deal with these problems.

I am sure hon. members have had the following experience. An applicant has applied for immigration to Canada, he and his wife have passed all the necessary tests, but they had one child who was mentally ill. As a result of the child being insane, in the rough words of the section, the applicant has been refused permission to enter Canada. I have heard of devious methods being employed to overcome this difficulty. The father and mother come into this country with the rest of their children and leave in Europe the youngester who is suffering from a mental illness. Then they get down on their knees and try to persuade the minister that the youngster should be admitted to this country now or at a later time. I should like to think we were big enough that if this type of case arose the youngster could be brought over here, and even if that child were not granted Canadian citizen status the family could live together and the child could be given the treatment and facilities necessary in order to cure the mental illness. He could later be made a Canadian citizen.

These are some of the improvements that we of the New Democratic party would like to see adopted in our immigration laws. As I said, if our main expert on the subject of immigration was in the house, the hon. member for Greenwood, I think he would be able to explain the problems in more detail and more persuasively than I have. We would like to see this amendment adopted, and other changes made to the legislation so that more applicants for immigration to Canada would be accepted.

Hon. J. A. MacLean (Queens): Mr. Speaker, I just want to say that we in this group approve of the suggested amendment and have no objection to it. We will not delay its passage by making any lengthy speeches. I just want to commend the hon. member for introducing this bill and the amendment contained therein.

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I thank hon. members opposite for their support of the proposed amendment to the Immigration Act. At the outset I should like sincerely to compliment the hon. member for Fort William (Mr. Badanai) for initiating the amendment and presenting it so well. He has been not only the initiator of the amendment but also a strong advocate in this matter. The hon. member has anticipated many of us. We have been thinking about a measure of this kind, but he is the one who actually had it drafted and presented. He deserves all the credit in the world for bringing this measure so far.

I believe that apart from the Air Canada bill there has not been a private member's bill adopted by the government for a considerable length of time. Some of us in the house were members of the special joint committee of the Senate and House of Commons on immigration. We examined the Immigration Act with respect to the prohibition of individuals entering Canada on medical grounds. The committee considered submissions from both the Canadian Association for Retarded Children and the Canadian Mental Health Association. It might be useful to consider the remarks made by representatives of these associations, in the light of the proposed amendment.

A representative of both associations had this to say on the general nature of the medical prohibitions respecting mental disabilities:

> In framing certain principles which might be followed and are exemplary, it is felt that the history of mental disability or a mental hospitalization should not necessarily exclude immigration. The proper ground, it is believed, should be consideration of the person's present status, his potential, his prognosis, both medical and social and, in some cases—or perhaps all cases—the resources of himself and his family.

The spokesman felt that if one word should form the policy for such decisions it would be "flexibility". His words are reported in No. 7 of the minutes and proceedings of the special joint committee, dated February 16, 1967, at page 291.

• (5:30 p.m.)

Another representative of the Canadian Mental Health Association, Dr. John D. Griffin, who is not only the general director of the association which has 100,000 members but was also at that time the president elect of the Canadian Psychiatric Association told the Committee that mental illness is in most cases recoverable. That is also reported at page 299 of report No. 7 in the minutes and proceedings of the special joint committee on immigration.

The written brief to the joint committee from the Canadian Mental Health Association said the following:

> It is, however, submitted that the current grounds for refusal of entry because of mental disorder are illogical and deny the coming to Canada

of many persons and their families who could make valuable contributions to our country.

I think it can be said that these experts in the field of mental problems feel that the existing immigration law is deficient in three respects. First of all it is medically unsound since the mentally ill do, in many cases, recover. Second, it is inflexible and restrictive because in deciding whether to admit these people we should not confine our consideration to their past illness but take into account many other factors, especially the medical opinion and their family circumstances. Third, the existing prohibition is costly to our country because many qualified people who could contribute something to this country are lost to Canada as a result of this absolute prohibition against immigrants who have been mentally ill, even for a short period of time.

I think it can be said that, subject to an amendment which I intend to move in committee at the request of the sponsor, Bill C-30 will meet with the general approval of the medical associations which gave the joint committee the benefit of their views. Certainly the bill would make the present Immigration Act much more flexible. It does recognize that these unfortunate people who have been afflicted with insanity can recover and make a worth-while contribution to the Canadian community. It allows the governor in council to take into account not only the advice of a medical practitioner but the general circumstances of each individual case.

I realize that the Canadian Mental Health Association was critical of a bill similar to Bill C-30 as it was presented to the house originally. I believe the basis for that criticism has for the most part been met by the revision to Bill C-30 made by its sponsor, and which I will be proposing. It is true it does not speak of mental diseases, but it speaks of symptoms of insanity, which is pretty much the same thing.

As members will recall, the government retained Mr. Joseph Sedgwick, Q.C. to report on immigration law. Part II of his report dated January 27, 1966 and later tabled in the house carried a recommendation on the section of the Immigration Act now under discussion. At page 5 he said:

> The provisions of the act dealing with "Prohibited Classes" on grounds of health, should, I think, be reviewed, particularly section 5(a)(ii) which bars persons who "are insane or, if immigrants, have been insane at any time".
>
> Many highly desirable immigrants may have had a mental breakdown which resulted in extended treatment, and even confinement in an institution. But such persons may, and often do, make a complete recovery, and if they have recovered their past misfortunes should not be, as it now is, an absolute bar to their admission.

I should like for a moment or two to review the law as it presently exists. First of all I will read section 5(a) of the Immigration Act, chapter 325 of the Revised Statutes of Canada, 1952, volume 5. It reads as follows:

> No person, other than a person referred to in subsection (2) of section 7, shall be admitted to Canada if he is a member of any of the following classes of persons:
>
> (a) persons who
>
> (i) are idiots, imbeciles or morons,
>
> (ii) are insane or, if immigrants, have been insane at any time,
>
> (iii) have constitutional psychopathic personalities, or
>
> (iv) if immigrants, are afflicted with epilepsy;

Then section 7 (2) reads as follows:

> In addition to the persons described in subsection (1), the following persons may be allowed to enter and remain in Canada as non-immigrants:
>
> (a) persons authorized by the minister to enter Canada for treatment and care at any health resort, hospital, sanitarium, asylum or other place or institution for their cure and care and, after entering Canada, while they are actually under such treatment and care;
>
> (b) persons passing in transit through Canada under escort or guard; and
>
> (c) holders of a permit.

This last subsection takes us to section 8 of the act which reads as follows:

> (1) The minister may issue a written permit authorizing any person to enter Canada or, being in Canada, to remain therein.
>
> (2) A permit shall be expressed to be in force for a specified period not exceeding twelve months, and during the time that it is in force a permit stays the execution of any deportation order that may have been made against the person concerned.
>
> (3) The minister may at any time, in writing, extend or cancel a permit.
>
> (4) The minister may, upon the cancellation or expiration of a permit, make a deportation order respecting the person concerned and such person has no right of appeal from the deportation order and shall be deported as soon as practicable.
>
> (5) The minister shall submit to parliament within thirty days of the commencement of the first session of parliament in each year a report showing all permits, with particulars thereof, issued during the preceding calendar year.

So we have the situation where wealthy people in Canada can bring in a person who has suffered from a mental illness, temporary or otherwise, and have them hospitalized in Canada under a permit, provided they can make arrangements with the provincial government and can cover the cost which, I understand, is in some cases about $50 a day. Here we have people who in many cases may not recover from their illness, who can come

into Canada—although it is true they may not be able to stay too long—whereas people who have recovered long ago from a temporary mental illness are still barred from coming.

There is a discrimination here, and the bill sponsored by the hon. member for Fort William (Mr. Badanai) makes common sense to me and, it appears, does also to all hon. members of the house. The Minister of Manpower and Immigration is fully in favour of the amendment proposed by the hon. member for Fort William, which I will be moving at the request of the hon. member. This amendment was drafted after discussion with the minister and the government, and it is one which is acceptable to the government.

Before I resume my seat perhaps I should advise the house as to the number of permits which have been issued in the last couple of years pertaining to the classes of persons outlined in section 5, and who are permitted to come into Canada under section 8 of the Immigration Act.

• (5:40 p.m.)

In 1966-67 there were respectively 65 and 72 idiots, imbeciles and morons admitted under section 5(a)(i) which is the subparagraph before the one we are now seeking to have amended. In those years there were 37 and 41 respectively who were insane at some time. In so far as psychopathic personalities are concerned there were 2 and 6 in those years who were admitted. In 1966 there were 72 admitted who were suffering from epilepsy, and 60 in 1967. The total number of persons admitted in these classes was 176 in 1966, and 179 in 1967.

Mr. Schreyer: Will the hon. member permit a question?

Mr. Ryan: Yes.

Mr. Schreyer: Does the hon. member have any data to show how many were allowed entry who were mentally retarded?

Mr. Ryan: No, I do not have that figure. Mental retardation is a question of degree, and there may be some under one of these headings who were mentally retarded. However, I do not have a figure which I would regard as being good enough to answer the question specifically. These figures include both immigrants and non-immigrants to Canada, but they are based mainly on immigrants. I hope I will be able to move an amendment during committee consideration of the bill.

[Mr. Ryan.]

Mr. Jack Roxburgh (Norfolk): I should like to say a few words on this bill. It is a pleasure for me to take part in this debate on a measure moved by the hon. member for Fort William (Mr. Badanai). I should like to concur in the statement on mental illness made by the hon. member for Sudbury (Mr. Germa). I just do not like this term "insane" and I believe some change should be made.

Before I sit down, Mr. Speaker, I should like to say that Canada has always prided itself on keeping families together. No matter what any person may think about immigration policy in the past, in the present or in the future, I hope this policy will be maintained. However, the area mentioned by the hon. member is one area in which we have been lax.

I should like to say a few words on a subject which is not related to mental retardates. In the last few years, under our immigration policy, a large number of university students have come to Canada to work, mostly in agriculture. Some 1,500 have come to the tobacco areas of Norfolk, Oxford, Elgin and Brant from different countries in the world. In view of the present labour situation, the Minister of Manpower and Immigration (Mr. Marchand), for whom I have the highest respect, has decided to cut down the number of university students coming to Canada.

Some hon. Members: Shame.

Mr. Roxburgh: I should like the minister to take another look at that policy because, of that group coming to Canada, a large number are staying here. In this way we have attained a number of university graduates in Canada, so I believe the minister should take another look at the policy to make sure we get as many into this country as possible.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

On clause 1—

Mr. Ryan: As I said, Mr. Chairman, I should like to move an amendment to clause 1 of this bill. The amendment does answer, at least in part, the objections of the hon. member for Broadview. The amendment refers to "symptoms of insanity" rather than using the stark term "insanity". The other change is that a medical opinion is required to the effect that the insanity symptoms are not likely to recur. I submit to the committee that this is a reasonable requirement. It does

tighten slightly the control of admissions, but that may be a good thing.

I have pleasure in moving, therefore:

That Bill No. C-30 be amended by striking out lines 10 to 17 thereof and substituting therefor the following:

"in council upon evidence satisfactory to him, which shall include the evidence of a qualified medical practitioner, that

(A) for at least seven years immediately preceding the date of his application for admission he has neither been a patient in any hospital for the treatment of his insanity, nor suffered any significant recurrence of the symptoms thereof, and

(B) the symptoms of his insanity are unlikely to recur."

Mr. Gilbert: Mr. Chairman, the amendment proposed by the hon. member for Spadina appears to be acceptable with one exception. I notice that in (A) he has included the words "for at least seven years immediately preceding the date of his application for admission he has neither been a patient in any hospital". I am wondering whether the hon. member would agree to qualify that and insert the word "permanent" patient. Some people who have breakdowns do require outpatient treatment even though they are out working in society after treatment for their illness in hospital. In other words, they could be outpatients rather than inpatients.

One would like to think, Mr. Chairman, that the hon. member is referring to a permanent patient. There is this limitation of seven years, and it could easily be suggested that a person is a patient if he is receiving outpatient treatment. As you know, when persons recover from an illness they sometimes have a slight relapse. This usually means they have to go back to hospital for a week end or some short period for shock treatment, or some type of treatment, and this would mean that the seven year period would commence from the time they were discharged from hospital. Surely the hon. member for Spadina does not have that in mind.

Patients in hospital beds are usually sent to the hospital by medical doctors. Then after treatment they are discharged. However, sometimes the discharge is conditional upon their attending the outpatient clinic for further treatment. Therefore I would ask the hon. member to consider this change, in the interests of those who may be placed in this position.

Mr. Haidasz: Mr. Chairman, in support of this objection might I suggest that the amendment be changed to read "has neither been hospitalized for the treatment of his insanity" or mental illness. Perhaps that would be acceptable to the hon. member who proposed the amendment.

Mr. Ryan: Mr. Chairman, might I have a minute or two to consider this. There is some difficulty with the words that follow, "nor suffered any significant recurrence of the symptoms thereof". It might well be that if a person went to hospital as an outpatient and took two shock treatments he would be eliminated under this part in any event.

This question has been well considered by the minister of immigration, and I take it by the justice department, and it seems to me that at this point it would be dangerous to insert a word like "permanent". It would be too all embracing. It may go a little too far, even further than the hon. member for Broadview, who has the best intentions in the matter, would like to go.

As I say, Mr. Chairman, I am concerned about the latter part of paragraph (A), which says "nor suffered any significant recurrence of the symptoms thereof". It is a question of fact. If a person goes to hospital as an outpatient, it might be for treatment that is determined to have no relationship to mental illness. Or it may be for something so insignificant that it would have very little or no bearing on the decision. If it did, then I would think there would be quite an outcry about it.

If we do find, Mr. Chairman, that there are cases arising which give cause for concern, there is always the remedy of making further amendments. However, I submit to the hon. member for Broadview that we would be taking a great step forward if we were to put the bill through as amended at this point. Knowing he is favourable to the amendment I ask him to support it, even though the bill is not as perfect as he might like.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported and read the third time and passed.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, may I obtain unanimous consent of the house to revert to motions in order to table a document?

[*English*]

Mr. Deputy Speaker: Does the house agree to revert to motions?

Mr. Knowles: No.

Mr. Peters: What for?

Mr. Deputy Speaker: There does not appear to be consent.

Mr. Pepin: It is for the purpose of tabling the trade agreement between Canada and Rumania.

Mr. Deputy Speaker: I ask again whether the house will give unanimous consent to revert to motions.

Some hon. Members: Agreed.

TRADE

TABLING OF AGREEMENT BETWEEN RUMANIA AND CANADA

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, on behalf of the Minister of Trade and Commerce (Mr. Winters) I should like to table the agreement signed this afternoon between the Socialist Republic of Rumania and Canada. I beg leave to table the trade agreement itself and the exchange of letters concerning (a) Rumania's purchase undertaking and trading opportunities and (b) an explanation of the provisions of the Canadian customs law relating to the direct shipment required. May I thank the house.

BUSINESS OF THE HOUSE

Mr. Pepin: Mr. Speaker, might I announce the business for Monday. We will continue with supplementary estimates, but I am not in a position to say which department will come first.

Mr. Deputy Speaker: Order. It being six o'clock this house stands adjourned until 2.30 p.m. on the afternoon of Monday next.

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

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF INDUSTRY

30c, L66c.

DEPARTMENT OF NATIONAL DEFENCE

15c, 35c.

HOUSE OF COMMONS

Monday, March 25, 1968

The house met at 2.30 p.m.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

C.N.R. BRANCH LINES ABANDONED AND EMPLOYEES

Question No. 913—**Mr. Douglas:**

1. What were the total miles of branch lines abandoned by the C.N.R. in each province in each of the years 1963, 1964, 1965, 1966 and 1967?

2. How many scheduled employees were laid off in each province by the C.N.R. in each of the years 1963, 1964, 1965, 1966 and 1967?

3. How many non-scheduled employees were laid off in each province by the C.N.R. in each of the years 1963, 1964, 1965, 1966 and 1967?

4. How many scheduled employees were employed by the C.N.R. in Newfoundland in each of the years 1963, 1964, 1965, 1966 and 1967?

5. How many non-scheduled employees were employed by the C.N.R. in Newfoundland in each of the years 1963, 1964, 1965, 1966 and 1967?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1.

	1963	1964	1965	1966	1967	Total
Newfoundland	1.4	—	—	—	—	1.4
Prince Edward Is.	—	—	—	—	—	—
Nova Scotia	—	—	—	—	12.8	12.8
New Brunswick	—	29.7	—	58.2	—	87.9
Quebec	23.1	7.6	—	16.3	—	47.0
Ontario	20.2	54.6	42.6	23.5	1.2	142.1
Manitoba	23.3	—	30.2	—	—	53.5
Saskatchewan	24.5	—	—	—	—	24.5
Alberta	—	—	—	—	—	—
British Columbia	—	—	—	—	—	—
Total	92.5	91.9	72.8	98.0	14.0	369.2

2 and 3. As the organizational structure of the company is on a regional and area basis, and with the exception of the Newfoundland area the boundaries thereof do not coincide with provincial boundaries, the company does not maintain records which would readily produce information to answer the question in the form asked. In so far as the question relates to the Newfoundland area; since 1965 the company has extracted aggregate data for those lay-offs exceeding 30 days or any complete month. In 1965, 1966 and up to November 30, 1967 such lay-off actions affecting scheduled employees numbered 151, 269 and 150 respectively. The classification "laid-off" is not normally used in respect of non-scheduled employees.

4. New hirings of scheduled employees during the years 1965, 1966 and up to November 30, 1967 totalled 1067, 591 and 384 respectively. In addition, employee recalls for those who had been laid-off in those years or prior years for more than 30 days or any complete calendar month numbered 704, 660 and 556 respectively.

5. New hirings of non-scheduled employees during the years 1965, 1966 and up to November 30, 1967 amounted to 12, 9 and 19 respectively.

Prior to 1965 this type of statistical records was not maintained in respect of the Newfoundland area.

Questions

FERRY TRAFFIC TO AND FROM PORT AUX BASQUES, NFLD.

Question No. 936—**Mr. Tucker:**

1. What was the total number of passengers carried in each year on the C.N.R. coastal ferries to and from Port-aux-Basques, Newfoundland, from 1960 to 1967 inclusive?

2. What was the total number of passengers carried in each year from 1960 to 1967 by (a) the coastal ferry *William Carson* (b) extra ferries added to the service for this period to look after additional passengers?

3. What was the number of motor vehicles, autos, trucks and trailers, carried each year from 1960 to 1967 inclusive?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1. 1960, 67,693; 1961, 69,163; 1962, 77,318; 1963, 92,304; 1964, 107,078; 1965, 127,760; 1966, 158,214; 1967, 167,468.

2. (a) 1960, 62,366; 1961, 62,566; 1962, 70,193; 1963, 77,408; 1964, 103,473; 1965, 120,108; 1966, 99,518; 1967, 92,405. (b) 1960, 5,327; 1961, 6,597; 1962, 7,125; 1963, 14,896; 1964, 3,605; 1965, 7,652; 1966, 58,696; 1967, 75,063.

3.

	Autos	Trucks, buses and trailers	Others
1960	15,832	2,762	10
1961	16,551	3,509	14
1962	19,689	4,451	8
1963	22,744	5,160	12
1964	26,548	5,384	19
1965	28,818	5,629	26
1966	35,187	7,635	70
1967	42,278	8,767	261

DISCONTINUATION OF TELEGRAPH SERVICES

Question No. 938—**Mr. Hales:**

1. What are the names of the cities or towns, by province, where the C.P.R. propose to discontinue their telegraph services?

2. What are the names of the cities or towns, by province, where the C.N.R. propose to discontinue their telegraph services?

3. In cities or towns where both the C.N.R. and C.P.R. services are discontinued, from what center will telegraph services be provided?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1 and 2. Pursuant to a judgment dated January 24, 1968 and Order No. R-1514 dated February 16, 1968, issued by the Canadian Transport Commission, implementation of a proposal providing for the reciprocal withdrawal of telegraph offices in areas where the volume of business does not justify the retention of offices by both Canadian National and Canadian Pacific will commence with an initial group of 16 locations as undernoted. When this occurs, the remaining office will be set up to represent CN-CP telecommunications.

CN withdraws from	CP withdraws from
Kentville, N.S.	St. John's, Nfld.
Sherbrooke, Que.	North Sydney, N.S.
Chatham, Ont.	Moncton, N.B.
Port Colborne, Ont.	Drummondville, Que.
Smith's Falls, Ont.	St. Hyacinthe, Que.
Sudbury, Ont.	St. Catharines, Ont.
Moose Jaw, Sask.	Prince Albert, Sask.
Red Deer, Alta.	New Westminster, B.C.

To ease the impact of the technological and operational changes arising from this plan, agreement was reached by the companies with representatives of the Commercial Telegraphers' Union. This agreement provides protective measures to assist telecommunications employees who may be adversely affected by changes under this plan.

3. Under the reciprocal withdrawal plan none of the communities involved will be without telegraph service.

C.N.R. HOTELS OPERATING RESULTS

Question No. 970—**Mr. Tucker:**

What was the profit or deficit in each of the hotels (in Canada) operated by Canadian National Railways for each year from 1960 to 1967 inclusive?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: The following statement indicates the profit or loss, after allowing for depreciation, which the railway received from the operation of the individual hotels. The amounts listed for the Queen Elizabeth and Hotel Vancouver represent the Canadian National's return from the operations and not the profits or losses of those hotels.

CANADIAN NATIONAL HOTELS

	1966	1965	1964	1963	1962	1961	1960
Net Income or (Loss) from:							
The Bessborough	$ (165,766)	$ (91,293)	$ (82,645)	$ (142,672)	$ (174,740)	$ (102,082)	$ (109,225)
The Charlottetown*	—	—	79,510	(22,773)	(27,551)	(10,650)	6,201
Chateau Laurier	1,718	(297,169)	(102,650)	(206,425)	(144,824)	(22,725)	(55,072)
The Fort Garry	(27,201)	(153,503)	(154,354)	(69,107)	(231,101)	(165,657)	(64,746)
Jasper Park Lodge	393,461	348,780	218,055	173,627	198,869	152,944	96,967
The Macdonald	(98,013)	21,557	33,366	141,584	299,812	425,112	458.110
Newfoundland Hotel	113,531	151,956	164,244	186,897	116,892	150,715	198,099
The Nova Scotian	168,753	120,464	63,902	(84,964)	119,200	(479,914)	(232,442)
Net Return from:							
Hotel Vancouver	(180,214)	(640,664)	(230,935)	(247,842)	116,496	(53,265)	161,027
Queen Elizabeth Hotel	2,135,903	1,614,655	1,909,427	1,622,393	2,012,918	1,718,305	1,401,383

*The Charlottetown Hotel was sold effective 1 November 1964.

The figures for the year 1967 are not yet available for publication.

Questions

SEAL HUNTING

Question No. 1,038—**Mr. Tucker:**

1. How many Canadian aircraft were licensed to hunt seals in the Gulf of St. Lawrence in 1964, 1965, 1966 and 1967?

2. How many seals were landed by these aircraft in 1964, 1965, 1966 and 1967?

3. How many Canadian ships or auxiliary vessels prosecuted the seal fishery in the Gulf of St. Lawrence in these years?

4. How many seals were taken by these ships in these years?

5. How many ships or auxiliary vessels prosecuted the seal fishery in these years off the coast of Newfoundland, and from what country did each come?

6. How many seals were taken by each of these ships and how many in each year?

Hon. H.-J. Robichaud (Minister of Fisheries): 1. 1964, N.A.; 1965, 50; 1966, 46; 1967, 62.

2. 1964, 30,198*; 1965, 18,675*; 1966, 21,832*; 1967, 16,986*.

3. 1964, N.A.; 1965, N.A.; 1966, 8 of 75 gross tons and over; 1967, 7 of 75 gross tons and over.

4. 1964, N.A.; 1965, N.A.; 1966, 45,219; 1967, 70,616.

5. Canada: 1964, N.A.; 1965, N.A.; 1966, 10†; 1967, 5†. Norway: 1964, 15†; 1965, 14†; 1966, 13†; 1967, 15.†.

6. Canada: 1964, N.A.; 1965, N.A.; 1966, 76,566‡; 1967, 37,461‡. Norway: 1964, 169,424‡; 1965, 69,274‡; 1966, 170,447‡; 1967, 193,200‡.

* Includes a small number taken by landsmen in the maritime provinces.

† These were on the "front".

‡ Individual ship catches not available.

*IMPROVEMENT OF C.N.R. ROADBED, MONTREAL-HALIFAX

Question No. 1,050—**Mr. McCleave:**

Has the C.N.R. any plans to improve the roadbed on the tracks between Montreal and Halifax used by the Ocean Limited and the Scotian and, if so, what are they?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows, Mr. Speaker. Regular routine maintenance will be carried out consistent with demands made by the requirements of traffic moving over those lines.

[Mr. Byrne.]

COMMUNICATIONS SATELLITE STATION, MILL VILLAGE, N.S.

Question No. 1,098—**Mr. Aiken:**

1. What was the amount of the original estimate of the cost of constructing a Communications Satelite Ground Station at Mill Village, Nova Scotia, when the Department of Transport gave approval in principle to this program in 1963?

2. Were additional funds requested by the Transport Department in February, 1965, and if so, what was the amount of the increase and for what purpose?

3. Were additional funds requested by the Transport Department in January, 1966, and if so, what is the amount of the increase and for what purpose?

4. What Minister requested these increases in funds?

5. What is the name of the company to whom a contract was awarded in June, 1963, for the making of an engineering study, and what was the amount of this contract?

6. What is the name of the company to whom a contract was awarded in October, 1963, for the provision of project management, systems engineering, and the supply of equipment and field engineering for the station, and what was the amount of this contract?

7. Were competitive bids called before these contracts were awarded and, if so, what are the names of the companies bidding on this work and the amount of their bids?

8. Were final contracts awarded at a fixed price, or on a cost-plus basis?

9. Was a project administrator appointed by the government when this work was initiated and, if so, what was his name?

10. What was the composition of the Treasury Board when this project was approved in 1963?

11. Did the Treasury Board assign a member of its secretariat to the Transport Department during construction stages of this project and, if so, what was his name and what were his duties?

12. Were tenders called for the construction of the necessary buildings with related structures for the station in July, 1964, and, if so (a) how many companies tendered on this work (b) what are their names and the amount of their bids (c) what is the name of the successful bidder?

13. Were tenders called in 1965 by the Transport Department to retain consultants to examine, evaluate and advise on the suitability of certain systems required by the station?

14. If so, how many companies tendered on this work, what are their names and the amount of their bids, and what is the name of the successful bidder and the amount of his contract?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Transport and Treasury Board as follows: 1. Approval in principle for estimated cost between $3,600,000 and $5,500,000 by T.B. 604661 dated January 15, 1963 for a basic experimental station.

2. Yes. Additional funds increasing the cost to $9,100,000 were approved by T.B. 636168 dated February 17, 1965 to meet changing technical possibilities, substantial added requirements resulting from Canada having become a member of the international telecommunications satellite consortium in 1964 and the urgent need for additional trans-Atlantic telephone circuits.

3. Yes. Additional funds increasing the cost to $12,000,000 were approved by T.B. 649365 dated January 18, 1966 to meet the costs incurred in further system changes needed to cope with the rapidly changing technology and the agreements reached in the new international organization.

4. The Minister of Transport.

5. RCA Victor Company, Montreal, P.Q., in the sum of $50,000, T.B. Minute 611173.

6. RCA Victor Company, Montreal, P.Q., up to $4,500,000, T.B. Minute 617210.

7. No.

8. The contract for the initial investigation was at a fixed price whereas the main contract for systems management, engineering and supply of equipment was on a cost-plus basis normal to this type of undertaking.

9. No one named individual.

10. The Hon. Walter L. Gordon; The Hon. Lionel Chevrier; The Hon. J. W. Pickersgill; The Hon. Arthur Laing; The Hon. J. R. Garland; The Hon. Roger Teillet.

11. No.

12. Yes. Tenders for buildings and related structures were evaluated in July 1964. (a) Three companies tendered. (b) Eastern Contracting Ltd., $1,155,295; Ron Engineering, $1,245,280; McNamara Construction, $1,248,870. (c) Eastern Contracting Ltd., T. B. Minute 628255.

13. No.

14. Not applicable.

DRAINAGE IMPROVEMENTS, CHRISTMAS ISLAND POST OFFICE, N.S.

Question No. 1,114—**Mr. Muir (Cape Breton North and Victoria):**

1. Have plans and specifications been prepared to improve the disposal field and improve the surface draining system at the Christmas Island Post Office, Nova Scotia?

2. Has approval from both the provincial Departments of Health and Highways been secured?

3. When will tenders be called for the performance of such improvements to be carried out?

Hon. G. J. McIlraith (Minister of Public Works): 1. The plans and specifications are being prepared.

2. Yes.

3. When the necessary preliminary work has been completed.

FUNDS ALLOCATED FOR 1969 SUMMER GAMES

Question No. 1,117—**Mr. Forrestall:**

1. What is the total amount of funds allocated for the 1969 Summer Games?

2. What portion is the share of (a) the federal government (b) the Province of Nova Scotia (c) the City of Halifax (d) the City of Dartmouth?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): 1. $1,738,000.

2. The proposed cost sharing is: (a) Federal Government, 100 per cent of operating expenses up to a maximum of $838,000; one third of the net capital expenses up to a maximum of $300,000; (b) Province of Nova Scotia, one third of the net capital expenses up to a maximum of $300,000; (c) Cities of Halifax and Dartmouth jointly, one third of the net capital expenses up to a maximum of $300,000, the one third to be contributed by Halifax and Dartmouth jointly will be paid in a ratio equal to the capital costs expended in each city.

SITE FOR 1969 SUMMER GAMES

Question No. 1,118—**Mr. Forrestall:**

Has a site for the sports stadium for the 1969 Summer Games been chosen and, if so, at what location and at what stage are negotiations?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Yes. The site of the sports stadium to be constructed for the 1969 summer games will be at St. Mary's University. Architects and engineers are presently working on plans and cost estimates and the details should be available in a few weeks.

REFUSAL TO CONTRIBUTE TO LOBSTER FISHERMEN'S DISASTER FUND

Question No. 1,121—**Mr. Crouse:**

1. Did the Government of Canada refuse, upon request, to make a contribution to the disaster fund for the lobster fishermen of Guysborough, Nova Scotia, following the disastrous storm of April, 1967?

2. If so, for what reason?

Questions

Hon. H.-J. Robichaud (Minister of Fisheries): 1. No. Application was received from the Nova Scotia government on behalf of the Canso and district lobster fishermen's disaster fund on February 8 and consideration is now being given to the means of meeting this request.

2. Not applicable.

ASSISTANT MANAGER, PRODUCTION BRANCH, PRINTING BUREAU

Question No. 1,123—**Mr. Caouette:**

1. Will the post of Assistant Manager of the Production Branch of the Canadian Government Printing Bureau be vacant shortly?

2. If so, will this post be maintained?

3. What is the percentage of employees in this Branch whose mother tongue is (a) English (b) French?

4. If the answer to Part 1 is yes, will it be required that the candidate filling this post be bilingual?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): 1. Yes.

2. Yes, it has been advertised by the Public Service Commission under competition No. 68-3002.

3. (a) 32.6%; (b) 67.4%.

4. The poster advertising this position as issued by the Public Service Commission gives the following as the language requirequirements: "The person appointed must be sufficiently proficient in the English language, but proficiency in the French language will be considered a desirable qualification in the assessment of candidates".

[*English*]

TELEVISION SERVICE, DAUPHIN, MAN.

Question No. 1,127—**Mr. Forbes:**

1. Has CKOS Yorkton been granted a renewal of their licence as of last Fall to provide television to the viewing audience of the Dauphin area?

2. If so, when will the licence expire?

3. Will it be possible for the Dauphin audience to view programs directly from the C.B.C. that is to be extended to The Pas and Flin Flon areas since the C.B.C. will be using the Manitoba telephone transmitter line that runs through the Dauphin area?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes.

[Mr. Crouse.]

2. March 31, 1969.

3. No. Signals which emanate from public carrier microwave transmitters are not receivable on home television receivers because the frequencies involved are in a different band.

DEFENCE DEPARTMENT COMMISSIONAIRES

Question No. 1,138—**Mr. McCleave:**

1. Will Commissionaires be included in the reduction of personnel employed by the Department of National Defence?

2. If so, how many will be affected, and how many will be retained?

3. Has the Department considered alternative duties for Commissionaires who may be laid off and, if so, with what success?

Hon. Léo Cadieux (Minister of National Defence): 1. Commissionaires are not public servants but are employed by the Corps of Commissionaires and engaged on a contractual basis by the government.

2. In connection with the over-all reduction program, a study is being made of the number of hours of commissionaires' service. When this study is complete there may be some reduction in the number of hours required.

3. Should some of the commissionaires not be required for service with the Department of National Defence they would be referred back to the corps.

OCCUPANCY OF SIR WILFRID LAURIER BUILDING, OTTAWA

Question No. 1,142—**Mr. Lambert:**

1. When did the Government of Canada take over the occupancy of part or all of the Sir Wilfrid Laurier Building in Ottawa?

2. What is the name(s) of the owner(s) of the building?

3. What is the term of the lease agreement and at what annual rental?

4. Does the lease agreement provide for structural alterations at the expense of the tenant, or what are the covenants of the parties with regard to structural alterations?

5. What are the reasons for the partition alterations to be made as announced by the Minister of Public Works on February 26, 1968?

6. What further electrical and mechanical alterations may be necessary and at what estimated cost?

7. What department(s) of government or agencies thereof occupy space in the Sir Wilfrid Laurier building and what is the total floor area occupied?

Hon. G. J. McIlraith (Minister of Public Works): 1. September 15, 1965.

2. Immeubles Laurentian Realties Co. Ltd.

3. Present lease term is from June 1, 1967, terminating September 30, 1980. Annual rental is $908,461.30.

4. The lease agreement reads: "the lessor agrees that the lessee shall have the right to make any alterations in or about the premises, that the lessee deems advisable, at any time, during the continuance of this lease or any renewal thereof; (a) said alterations shall be made by the lessee at the lessee's expense; (b) no alterations shall be made under this section to the frame or permanent structure; in this contract "alterations shall mean changes, alterations, additions, repairs and improvements to the premises".

5. Consolidation of the Solicitor General's Department on the lower floors. Penitentiaries and Chief Treasury Officer to move into this building. Also the rearrangement of the Department of Labour on all of the upper floors.

6. Electrical and mechanical alterations will be required on all floors from the fourth to the thirteenth. The estimated cost for this work was $130,000.

7. Department of Solicitor General, Department of Labour, and a unit of the Queen's Printer. Total floor area occupied is 278,422 square feet of office space together with 29,840 square feet of storage space.

FLAGS FLOWN ON PARLIAMENT HILL

Question No. 1,143—**Mr. Macquarrie:**

1. On how many days since January 1, 1967, has the Royal Union flag (Union Jack) been flown from the courtesy staff on Parliament Hill?

2. What special occasions or events were being recognized on these dates?

3. Are flags of foreign countries flown from this staff to honour the visit to Canada of (a) heads of state or (b) heads of government?

4. If (b) what heads of government were extended this courtesy in 1967?

Hon. G. J. McIlraith (Minister of Public Works): 1. Three days.

2. On May 24, 1967, on the official observance of the Queen's birthday. On December 11, 1967, on the anniversary of the Statute of Westminster. On February 10, 1968, on the occasion of the visit of Prime Minister Wilson of the United Kingdom, to parliament hill. On June 30, July 1, and July 5, 1967, the Queen's personal Canadian flag was flown, but from the Peace Tower, not from the courtesy pole.

3. Yes, if the head of state or head of government is visiting parliament hill. However, during centennial year, 1967, when heads of state or the representatives of heads of state visited parliament hill the courtesy flag poles were not used because the appropriate national flag was flown at ground level on the hill alternatively with the national flag of Canada and the centennial flag. Moreover, if the visiting head of state had a personal flag that flag was flown with the national flag of Canada on the state visit stand.

4. On October 25, 1967, the national flag of Poland was flown on the courtesy pole when the deputy head of state of Poland was here during the Polish parliamentary visit.

*PER CAPITA MEDICAL COSTS

Question No. 1,157—**Mr. Rynard:**

1. When was the last cost survey of medical care per capita made in Canada?

2. What was the cost of medical care per capita by province?

3. When was the previous survey made and what were the results?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): The answer to the first part of the question, Mr. Speaker, is February, 1968. It should be noted, however, that estimates of the cost of the medical care program are being consistently revised in the light of additional information as it is received. Such additional information would include changes in the provincial schedule of medical fees, changes in the level of payment in terms of the provincial schedule of fees made by public and private plans, changes in the pattern of medical practice, changes in the utilization experience and in the cost experience of private and public plans in the various provinces, changes in the doctor-patient ratio and changes in the population of each individual province. Thus the costs of the medical care program are not estimates at set intervals but are constantly updated as pertinent information is received.

Inquiries of the Ministry

The answer to the second part is, see attached table.

ESTIMATES OF PROGRAM COSTS OF PHYSICIANS' SERVICES CALENDAR YEAR 1968

ASSUMING FEDERAL PROGRAM IN OPERATION FOR TWELVE MONTHS PER CAPITA ($)

Province	February, 1968 Revision	May, 1967 Program Review
Newfoundland	20.54	20.60
Prince Edward Island	30.74	30.91
Nova Scotia	38.45	34.75
New Brunswick	34.50	31.12
Quebec	41.38	41.68
Ontario	46.94	48.49
Manitoba	43.15	43.57
Saskatchewan	37.62	36.05
Alberta	41.82	44.09
British Columbia	41.60	41.24
Yukon and Northwest Territories	22.22	22.22
Canada	42.39	42.88

The answer to part 3 is, see the answer to part 1 above. By way of contrast to the most recent estimate, corresponding figures are presented for May, 1967. These latter figures are used as the basis for five year projections during the departmental program review.

Hon. G. J. McIlraith (Minister of Public Works): Before the orders of the day are called I wonder if I may have leave to revert to motions for the purpose of tabling a corrected order for return.

Some hon. Members: Agreed.

HEALTH AND WELFARE

POSSIBLE REDUCTION IN INDIAN MEDICAL SERVICES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): The question I have to ask I bring to the attention of the Prime Minister because it concerns two departments. I ask him, on behalf of the Indians in Alberta and Saskatchewan, whether he will look into their grave fears that there is to be a reduction in the amount of medical aid. They rely on treaty No. 6 which was agreed to by Governor Morris and the Indian tribes at Fort Carlton in 1876, under which the Indians were guaranteed medical treatment and drugs for all time in return for which they ceded 21,000 square miles to the crown. There is great resentment amongst them. I ask the Prime Minister if he will look into this situation because these people deserve the assurance of the Prime Minister that their rights will be preserved and protected.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to do that, Mr. Speaker. I should hope that any commitment entered into by the crown will be maintained. I hope the Minister of National Health and Welfare will be in a position to make a statement, at the latest by tomorrow, which will remove any fear that there is to be a reduction or deterioration in medical services for the Indians.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Prime Minister about the letter which Premier Manning quoted in the Alberta legislature, allegedly a letter from the Prime Minister regarding the curtailment of medical services to Indians. In view of the fact that the premier of Alberta has quoted this letter publicly, I wonder whether the Prime Minister would undertake to table the letter today so we can see its contents.

Mr. Pearson: Mr. Speaker, I will be very glad to look into that at once. I had rather assumed that it would not be made public until the minister made a statement; but I have no complaint about that, and I do not see why it should not be tabled.

Mr. Douglas: A supplementary question, Mr. Speaker. With regard to the Prime Minister's statement, would the government undertake to call the national health and welfare item in the supplementary estimates today so the minister will be able to make this statement?

Mr. Pearson: Mr. Speaker, I have already given an assurance in general terms. Since I am informed that we are going to be here tomorrow and the minister will be here tomorrow, perhaps a statement should be given tomorrow.

[*Translation*]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I also wish to put a question to the right hon. Prime Minister.

In view of the fact that there is more and more talk of national unity, can the right hon. Prime Minister tell us whether the new interest rate on Canada bonds was set jointly by St. James Street of Montreal and Bay Street of Toronto?

Mr. Speaker: I do not believe the question, in that form, is in order.

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister.

In view of the fact that there was a 10 per cent increase in the salaries and expenses of the office of the Auditor General of Canada, for the year 1967-68, although the increase in national production was only 4½ per cent, will the right hon. Prime Minister consider advising his successor to retain the services of a less demanding auditor?

[*English*]

EXTERNAL AFFAIRS

LAOS—REPORTED INVASION BY COMMUNIST FORCES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Prime Minister. Can he give the house any information as to the reported large scale eruption into Laos by communist troops from North Viet Nam, as reported by Prime Minister Souvanna Phouma on Saturday?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we did receive such a report, and we are looking into it. I hope to be in a position to make a statement in regard to the matter tomorrow.

Mr. Nesbitt: Mr. Speaker, I have a supplementary question. Can the Prime Minister give an indication to the house of any reports received with regard to similar military penetration or infiltration into Cambodia and Thailand? Could he also tell us what is Canada's attitude and policy in the face of prospective communist escalation of the war into these countries on a widened scale?

Mr. Pearson: Mr. Speaker, we are very much aware of this danger. We are also distressed at the inability of the commission to get all the information that it should be able to get in matters of this kind. I hope to be able to make a longer statement on this question tomorrow.

HOUSING

INQUIRY AS TO INTEREST RATE FOR 1968 SECOND QUARTER

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, in the absence of the President of the Treasury Board may I direct my question to his parliamentary secretary. In view of the urgent need of house builders to make their spring plans, is the parliamentary secretary yet in a position to advise the house what the National Housing Act rate will be for the second quarter of 1968? Does he anticipate that it will be 9 per cent or more?

Mr. J. E. Walker (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I anticipate bringing this question to the attention of the minister.

UNITED NATIONS

CANADIAN REPRESENTATION AT CONFERENCE ON TRADE AND DEVELOPMENT

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, in the absence of the Secretary of State for External Affairs I will direct my question to the Prime Minister. Who is Canada's chief representative in New Delhi, at the United Nations conference on trade and development which has been going on there now for the past month and which the Minister of Trade and Commerce and subsequently the Minister of Labour attended for short periods? Can the Prime Minister inform us whether any definite plans have been agreed to at this conference to improve the trade position of the underdeveloped countries?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I speak subject to correction but I believe the delegation is now being headed by the deputy minister of trade and commerce. However, I will check this and give my hon. friend the information regarding the personnel of the delegation. I know there have been long and difficult discussions on the subject of ways and means to assist underdeveloped countries. Perhaps I might be in a position to make a short report on that tomorrow, too.

Inquiries of the Ministry

[*Translation*]

LABOUR RELATIONS

MONTREAL—SETTLEMENT OF STRIKE OF DOCK WORKERS

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I should like to put a question to the right hon. Prime Minister, and I apologize for not having sent him notice thereof.

In view of the fact that in the last few days newspapers have advised us that serious unrest threatens the ports on the St. Lawrence, can he tell us whether he has any information to give the house on this matter this afternoon?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I could ask the Minister without Portfolio, who has been following this question over the week end, to make a short report on it.

Hon. B. S. Mackasey (Member of the Administration): Mr. Speaker, I am sure the house will be pleased to know that at 2.30 p.m. today at Montreal Judge Allan Gold announced the signing of an agreement between the International Longshoremen's Association and the Shipping Federation of Canada which ensures peace on the three ports of the St. Lawrence river for the balance of the year.

Mr. Warren Allmand (Notre-Dame-de-Grâce): A supplementary question, Mr. Speaker, to the Minister without Portfolio. Does this include any settlement of the disputed sections in the Picard report which were outstanding at the beginning of the year?

Mr. Mackasey: Mr. Speaker, both parties have agreed voluntarily to submit to arbitration on these contentious points. A decision clarifying all these points will be rendered by the conciliation board, which will remain in existence in some form for the next nine months.

Mr. D. V. Pugh (Okanagan Boundary): A supplementary question, Mr. Speaker. Will the Minister without Portfolio now assure the house that he is taking steps to see that shipping surcharges on exports are immediately reduced to their pre-strike amounts? The minister well knows of my interest in British Columbia fruit shipments off-shore, the surcharges that were placed on them and the troubles we have had since.

[Mr. Pearson.]

Mr. Mackasey: I thank the hon. member for his question. He has shown much interest in this subject matter, having discussed it with me in private. I shall investigate further this afternoon and report back to him tomorrow.

FINANCE

REQUEST FOR INVESTIGATION INTO AUTOMOBILE INSURANCE INDUSTRY

On the orders of the day:

Mr. Barry Mather (New Westminster): My question ought to be for the Minister of Transport. In his absence perhaps Your Honour would let somebody take note of it. Considering the action of the President of the United States in calling on the secretary of transportation of that country to conduct an investigation into the automobile insurance industry, will our minister consider similar action in Canada?

Mr. Speaker: I have let somebody take notice of the question.

AGRICULTURE

REQUEST FOR ANNOUNCEMENT OF DAIRY POLICY

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): In the absence of the Minister of Agriculture may I direct my question to his parliamentary secretary. Since the new dairy year in Canada begins next week can we anticipate a statement by the minister in this house outlining in detail government plans and dairy policies for the 1968 year?

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): I am not sure of the timing of the statement by the minister, but I am sure it will be made in the house at the appropriate time.

REPORTED SHORTAGE OF CHEMICALS TO CONTROL WILD OATS

On the orders of the day:

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): On Thursday last the hon. member for Rosetown-Biggar asked a question about the availability of avadex for the control of wild oats. I am informed by department officials that the manufacturer expects to be able to meet all orders and that supplies of the chemical will be increased considerably as compared with last year.

The second part of the hon. member's question was about the availability of other products for the control of wild oats. I am advised that the research branch of the department is carrying out tests in an extensive research program with other products, which may result in a similar control of wild oats.

HEALTH AND WELFARE

ADMISSION OF INDIAN WOMEN TO MATERNITY HOSPITALS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I wish to direct a question to the Prime Minister. In view of reports that Indian women are now being admitted to some institution some weeks before confinement and kept there for some weeks after, would the right hon. gentleman look into what arrangements are now being considered with respect to admitting all such patients?

Right Hon. L. B. Pearson (Prime Minister): I shall be glad to look into it.

INDUSTRY

CAPE BRETON, N.S.—CONTINUED OPERATION OF McBEAN MINE

On the orders of the day:

Mr. Robert McCleave (Halifax): In the temporary absence of the hon. member for Pictou may I direct my question to the Minister of Energy, Mines and Resources, and ask if he can report on the meeting held with Premier Smith of Nova Scotia over the week end concerning the McBean colliery.

Hon. Jean Luc Pepin (Minister of Energy, Mines and Resources): As hon. members know, the situation of the McBean mine is a difficult one. It is not located on Cape Breton Island proper and consequently it does not fall within the legislation creating DEVCO. It is not considered to be an independent mine in the sense used in the agreement between Canada and Nova Scotia. So it is a special problem. I went down to Halifax on Saturday to meet with the premier and his advisers. We tried to define the problem in terms of ownership of the mine, its future operation, arrangements for subventions and pension plans. I made a few suggestions, and both governments are considering the matter now.

Mr. Donald MacInnis (Cape Breton South): Am I to understand that the minister intends to give the situation at McBean the attention which was desired by the hon. member for Pictou during the debate on the legislation in connection with the Cape Breton Development Corporation?

Mr. Pepin: The question is put in such a way that I find it difficult to reply.

[*Later:*]

Mr. McCleave: Mr. Speaker, I should like to inquire of the Prime Minister whether he has an answer to the question I raised earlier.

NATIONAL DEFENCE

POLICY RESPECTING VOLUNTARY WITHDRAWALS UNDER UNIFICATION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of National Defence. It is of importance now because April 1 is the deadline which affects men in the armed services who wish to leave the services because they do not desire to continue under the unification program. In view of the minister's earlier statement that these people would not be penalized in any way, I want to ask whether it is true that those leaving the armed services in these circumstances will not be granted the usual rehabilitation pay with leave of absence, nor will they receive any moving expenses, nor will they retain any pension rights. Is this the situation? If it is not, is anything being done to inform the men properly?

Hon. Léo Cadieux (Minister of National Defence): People availing themselves of this particular provision in the act are considered on the same basis as anybody who asks for a voluntary release. There is no question of their being penalized; neither are they offered any incentive to avail themselves of this particular section of the legislation. This is the purpose of the whole exercise. We do not want to force people to stay in the services if they do not agree with the policy, and that is all.

Mr. Douglas: Are persons leaving the services not normally entitled to rehabilitation leave with pay, one month for every five years of service, I think? Will this be denied to men who leave the services under the provision to which the minister has referred?

Mr. Cadieux (Terrebonne): Not if they are normally entitled to it.

Inquiries of the Ministry

STUDENT LOANS

REPORTED PLANS FOR REDUCTION IN PROGRAM

On the orders of the day:

Mr. David MacDonald (Prince): On Friday I asked the Prime Minister about reports of a possible reduction of 50 per cent in loans under the Canada student loan plan, whether such a reduction was contemplated at a time of rising tuition and residence fees. The right hon. gentleman said he would look into the question. Is he now in a position to give any information to the house?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. Under the Canada Student Loans Act loans may be authorized only to those who are in need of a loan to continue their education. Federal and provincial officials responsible for the administration of the plan have been working out criteria for the assessment of needy students for assistance. These criteria have been reported to the house and made public from time to time. The officials concerned are currently discussing the more consistent application in practice of these criteria, and it may well be that some students who do not clearly need help under this plan will find that the allocations are being reserved for those students who do need help.

I can assure my hon. friend that these loans will certainly be available for students who really need them. That was the intent of parliament when it passed this act, and there is every intention of meeting both the spirit and the letter of the legislation.

Mr. MacDonald (Prince): As a supplementary question, in view of the fact that expenses have undoubtedly increased since the inception of the plan, and that new criteria are being drawn up, will the amount of money available be increased for people who now find difficulty in operating under the present provisions of the plan?

Mr. Pearson: I will have to look into that aspect of it, Mr. Speaker.

Hon. W. G. Dinsdale (Brandon-Souris): As a further supplementary to the Prime Minister, Mr. Speaker, may I ask is it the intention of the government to proceed with a bursary program that would supplement this loan program which seems to be in a decline?

Mr. Pearson: Not at the present time.

[Mr. Cadieux (Terrebonne).]

EXTERNAL AFFAIRS

NIGERIA—CANADIAN EFFORTS TO END CIVIL WAR

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, my question is directed to the Prime Minister, who is very answerable today. It is in connection with the Nigerian-Biafran conflict and is prompted by the welcome news of the joint appeal by the Roman Catholic church and the World Council of Churches calling for an end to the war between Nigeria and Biafra. Can the Prime Minister advise whether on the governmental level Canada is taking any new initiatives toward this same worthy goal?

Right Hon. L. B. Pearson (Prime Minister): Not any new initiative, Mr. Speaker, although we have been trying to do what we can to assist in bringing this conflict to an end; and I hope to have a talk, either tomorrow or the next day, with the Secretary General of the Commonwealth association who, as my hon. friend knows, has been very deeply concerned with this matter and who is at the present time in Ottawa.

Mr. David MacDonald (Prince): As a supplementary question, can the Prime Minister tell us whether officials of the Department of External Affairs have been instructed not to meet with any senior representatives from the secessionist province of Biafra?

Mr. Pearson: Mr. Speaker, I know of no such instruction, and I will be very interested to find out if there has been any such instruction.

FINANCE

FRENCH PROPOSAL FOR NEW INTERNATIONAL EXCHANGE UNIT

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question would normally be directed to the Minister of Finance but in his absence perhaps the Prime Minister would take it. In view of the reported statements of the President of France, General de Gaulle, respecting France's attitude toward the development of a new international unit of exchange, can the Prime Minister tell the house what position the Canadian government will be taking at Stockholm, in view of what appears to me and to many others as a proposal by France that is even worse than its original one—

Mr. Speaker: Order. I wonder if the hon. member would not agree with me that he is asking for a very general statement, which I suggest should not be made at this time.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I wish to direct a question to the Minister of Veterans Affairs. In view of his statement last Friday on the Woods committee study, would the minister now say whether he is prepared to table the document, and whether he will be making a statement on motions?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I now have the report at hand, and I hope to be able to table it within the next day or so. As to making a statement, I think this would be premature. It is a very extensive report, and I would want a little more time before being prepared to speak on it.

Mr. Pugh: As a supplementary question, in view of the fact that the minister has had this report in his hands for quite some time, at least in one language, I am wondering if he would not think it is in the interests of the veterans of the country, particularly because the Legion is going to hold its convention very shortly, that he should make a statement on this very important document.

Mr. Speaker: Order, please. The hon. member's supplementary question is argumentative.

Mr. Teillet: Mr. Speaker—

Mr. Speaker: Order, please. I would not want to deprive the minister of an opportunity to reply, if this is what the house would want. Certainly it is my feeling that the supplementary asked by the hon. member was argumentative in form and should not be replied to, but if it is the wish of the house I will recognize the Minister of Veterans Affairs.

Mr. Teillet: Mr. Speaker, I think in fact this would be a point of privilege because the premise of the question was quite erroneous. I stated clearly in the house last week that I had not received the report. I have had the report in my hands since last Friday afternoon, in English and in French, and I want to make it quite clear that I have not had the opportunity of studying it.

[*Translation*]

AGRICULTURE

SUGGESTED INCREASED COMPENSATION FOR SLAUGHTERED CATTLE

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, in view of the absence of the hon. Minister of Agriculture, I wish to put a question to his parliamentary secretary.

In order to follow up the notice of motion which I introduced in the house a few weeks ago, does the hon. minister intend to announce, before the end of this session, the increase in allowances paid for slaughtered animals under the Animal Contagious Diseases Act?

[*English*]

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am not able to answer this question directly. I will bring it to the attention of the minister in the hope that we can have an answer for the hon. member.

PRINCE EDWARD ISLAND—REQUEST FOR ACREAGE ASSISTANCE PAYMENTS

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, this question is for the Minister of Agriculture. Perhaps his parliamentary assistant would take it as notice. Would the minister indicate to the house whether the government of Prince Edward Island has applied for acreage assistance payments in view of the very low prices for potatoes in the last few months, and whether the government is giving this request favourable consideration.

BUSINESS OF THE HOUSE

REQUEST FOR CONSIDERATION OF VETERANS' PENSION SUPPLY ITEM

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. Will he look into the possibility of taking out of the supplementary estimates now under consideration the item or resolution providing for the increase of 15 per cent in war veterans' allowances, to see whether it can be given royal assent, so the war veterans of the country will not be deprived of these benefits at this time, and so their receipt of the benefits could be expedited.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): I shall be glad to look into that, Mr. Speaker. There will not be any delay, because once the estimate is passed I believe it is to be antedated.

TRANSPORT

REQUEST FOR STATEMENT ON FERRY SERVICE, SAINT JOHN, N.B.-DIGBY, N.S.

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, ordinarily I would direct this question to the Minister of Transport, but in his absence I should like to direct it to the right hon. Prime Minister. In view of the hope the Minister of Transport expressed to me on March 19 that the long delayed announcement with regard to the Digby-Saint John ferry would be made soon, would the Prime Minister check with the minister or his officials and inform the house tomorrow whether the delay in respect of this announcement is on the part of the Canadian Pacific Railway or the government?

Right Hon. L. B. Pearson (Prime Minister): I shall be glad to do that.

FINANCE

CANADIAN REPRESENTATION AT MEETING OF MONETARY FUND

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in view of the fact that the meeting of the ministers of finance of the countries which belong to the International Monetary Fund is to be held in Sweden commencing on Friday, may I ask the Prime Minister whether any decision has been made in respect of who will represent Canada in the absence of our Minister of Finance.

Right Hon. L. B. Pearson (Prime Minister): Not yet, Mr. Speaker. I have discussed the matter with the Minister of Finance and hope to discuss it with him again later this week.

NATIONAL DEFENCE

REQUEST FOR DELAY IN TRANSFERS BETWEEN MARITIME BASES

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, my question also is directed to the Prime Minister but in his capacity as Prime Minister rather than on behalf of one of his colleagues who is otherwise engaged.

[Mr. Starr.]

Has the Prime Minister received a telegram from Premier Smith of Nova Scotia requesting that no further move be made which would affect the Greenwood-Summerside matter until a delegation from Nova Scotia can meet with the Prime Minister? If the Prime Minister has received the telegram, will he give it favourable consideration.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have received it and propose to discuss it with the Minister of National Defence.

CONSUMER AFFAIRS

MILK—PROPOSED PRICE INCREASE IN ONTARIO

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, in the absence of the Minister of Consumer and Corporate Affairs may I direct this question to the acting minister. Has the Department of Consumer and Corporate Affairs had an opportunity to look into the matter I raised last week, namely the increase in the price of milk?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I will take notice of the question.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: Order. House again in committee of supply. When the committee rose on Friday, March 22, 1968 item 1c of the Department of Energy, Mines and Resources was under consideration.

DEPARTMENT OF ENERGY, MINES AND RESOURCES

1c. Departmental administration including grants and contributions as detailed in the estimates, $144,000.

Mr. Martin (Timmins): Mr. Chairman, I was a little surprised the other day when the minister in making a statement made no reference to the gold mining industry as a whole. While some of the ramifications of this question do not come under the jurisdiction of the minister, certainly this matter has a very strong bearing on one department that is directly under the jurisdiction of the minister. Gold certainly is a question which has recently received a great deal of attention in the newspapers and in various countries throughout the world. The discussions which have been carried on in Washington and are soon

to be carried on in Stockholm could have a very great bearing on the whole industry.

It may be that today the gold mining industry does not have the same place it once did in this country and does not have the same effect on the economy of the country that it did at one time. I can remember during my lifetime when gold mining was one of the major industries which contributed to the economy of this country and that is not very long ago. Over the years, however, because of policies established by the United States and followed faithfully by the Canadian government, this industry has declined to a great extent and certainly at the present time is in a very precarious position.

The Minister of Justice was in my constituency this past week end. In fact I was very pleased to see him when he appeared on the local television station last night. I am sure while he was there and spoke to the local people he must have had impressed on him just how urgent this matter is and how concerned the people of that neighbourhood are about the very unsettled situation pertaining to gold and the gold mining industry.

It was interesting that the minister was on display last night at $1 a head. I understand he had a fairly good turnout. I hope that before the evening was over he learned how the people of that neighbourhood feel about the situation. I hope also that he will be able to prevail on the Minister of Energy, Mines and Resources, and that that minister in turn will use his influence on the Minister of Finance who probably is more involved in the situation than any other minister, certainly so far as the international situation is concerned.

If I might digress for a moment it is interesting to note the very good answer that was given by a member of our executive in Timmins when he was approached and asked to buy a ticket for $1 to see the minister. This gentleman is an immigrant who has been here for 10 or 15 years. His reply was "Why should I pay $1 to see the Minister of Justice; all he knows is what we have taught him." I thought that was a very good assessment of the situation.

I think we might review for a short time what has happened in this industry. I believe the minister should be quite concerned about this. It is interesting to note that the last time the interest rate rose to what it is at the present time was just prior to the time the price of gold was raised from $20.40 to $35, in 1934. It has remained at that price ever since.

• (3:10 p.m.)

It was felt by many that the crash of 1929 followed by the depression of the 1930's came about as a direct result of those high interest rates across the country which strangled the economy. This is exactly what is happening at this time. The latest increase in the interest rate accompanied the latest announcement in respect of the price of gold. The interest rate is even higher now than it was prior to the crash which brought about the great depression of the 1930's.

Anyone who has spoken with people in the construction industry will know that the present level of interest rates is bringing this industry to a grinding halt. This will spread like a cancer throughout the country causing bankruptcies and business failures, which in turn will lead to unemployment through the closing down of factories. We will then be back in that vicious cycle we experienced some 35 years ago. Many people in today's working force do not remember that difficult time. I remember it because that is when I first entered the labour market. It was in the middle of that depression, about 1934 or 1935, when I went to work in the gold mining industry.

In looking back I can see the tremendous part this industry played in maintaining the economy of this country, such as it was, and the great contribution it made to the welfare of the country. The gold mining industry is a very substantial consumer in our society. It uses tremendous amounts of timber, steel, machinery and goods of all kinds. The effect of a shutdown in this industry is felt not only by the immediate community where the mines are located but throughout the country as a whole. When there is a curtailment of production in this industry employees are laid off in many other areas.

During the past 20 years or more we have witnessed the number of gold mines in this country shrink from 250 to about 25. About 10 per cent of the mines operating 20 or 30 years ago are still in operation. We have not felt the full impact of this reduction because the remainder of the economy has been growing. With the interest rate climbing to the point that it is strangling our whole economy, the closing down of the gold mining industry with the resulting loss to the economy cannot be offset by the rest of the economy. I think this industry is a weather vane to which we should pay attention. I am surprised the minister did not make any reference to it when he introduced his estimates on Friday.

We have obtained some information from the Minister of Finance in the last couple of weeks, since the decision was made in Washington to freeze gold reserves. Apparently we are not going to buy or sell any gold so far as our reserves are concerned. The understanding is that our reserves will be frozen at the present level. Everyone must realize that this is an impossible pipe dream. Apparently it is hoped that this step will buy the time needed for the powers to make up their minds what action to take.

When we questioned the minister we learned that the Canadian government is in a bit of a bind because of previous arrangements, agreements and regulations pertaining to the production and selling of gold. The government is still committed to purchase gold from Canadian producers at the fixed rate of $35 in United States funds per ounce. The answers given by the minister to our questions would indicate that the Canadian government does not know what to do at this time with the gold it is committed to purchase. Perhaps the government is waiting for some instruction from the United States. In any event we have been informed that the government intends to buy this gold and stockpile it in the mint until such time as a decision is made regarding its disposition.

I suggest that the Minister of Energy, Mines and Resources should sit down with the Minister of Finance, if he can detain him long enough between trips, and put a bug in his ear. It has been reported in the last two or three days that the $20 Canadian gold coin minted last year is selling throughout the country for something between $80 and $140. Perhaps the minister could persuade the government to allow the mint to produce more of these gold coins rather than letting this gold sit in the mint. Apparently we could make a pretty fair profit on these coins, and this profit might help the Minister of Finance out of some of the difficulties in which he continually finds himself.

The gold mining industry has received pretty shabby treatment over the years. It should be clearly understood that I am not referring to the big companies which have been able to make large profits for reinvestment in other fields. Gold mining is a very small part of the total operations of these companies today. I am concerned about the men working in this industry and those who live in the communities which depend on it. These are the people I feel have had shabby treatment over the years

[Mr. Martin (Timmins).]

The people to whom I refer have subsidized this industry and this government, and indeed they have been subsidizing our great, wealthy neighbour to the south. That is the country which set the policy in the first place and has adhered to it rigidly over the years. These workers have subsidized this industry first by low wages. The industry has cried poverty and has received subsidies from the federal government in order to continue operations. The industry has said it cannot pay decent wages. As a result the federal government has subsidized the industry. It has done so over the years without being able to check in any way whether the subsidies have been justified. Some time ago the hon. member for Timiskaming and myself were able to discover from the minister that at no time did the federal government have a mines inspector in order to find out whether the reports upon which they were basing the subsidy were valid or just came out of somebody's head. It seems that the gold mining industry, like Caesar's wife, is beyond suspicion.

Over the years the federal government has paid $200 million to $250 million in taxpayer's money to the mining industry in the form of subsidies. The miners have received low wages, and have reached into another pocket and paid their share of taxes. Every time the United States was short of gold the Canadian government very willingly turned over whatever supply it had on hand. The last time it did so it turned over something in the neighbourhood of $114 million for which the United States paid $100 million. In this way the miners reached into a third pocket to subsidize the gold industry. The United States is supposed to be the wealthiest country in the world. Certainly it should be if every other country has subsidized it to the same extent that the Canadian government has in this particular field.

I was surprised that the minister did not see fit to say anything as to the future of this industry, and I was surprised that he did not mention any government plans for it. I should hope that before much more time passes we will receive a statement from the minister regarding the government's plans in this field. I think we are entitled to know what the government intends to do, or whether it intends to do anything.

• (3:20 p.m.)

Mr. McLean (Charlotte): I know the Minister of Energy, Mines and Resources is as anxious as I am to see that the communities established across Canada which depend on

the mining of gold for a livelihood should be maintained, and that the miners engaged in the industry should receive proper wages.

Under the present government and under previous governments the policy with regard to mining communities has been to phase them out of existence because rightly or wrongly the output of the mining communities, that is gold, has been considered as a monetary measure. People all across the world apparently still consider gold only as a monetary measure, but the recent man-made crisis in gold has made governments consider gold not only as a monetary measure but also as a commodity.

At the recent meeting in Washington the seven world central bankers came up with a solution to our problem by establishing two prices for gold. The first price, that of $35 per ounce, is for monetary purposes, that is for trading among central banks; the other price, which will be used in the market place, is the price of gold used in industry, the arts, and by investors and speculators. It seems to me this policy will be especially beneficial to Canada and the United States. At the present time all mines under subsidy must sell their output to the mint. I should like to quote the following from the *Wall Street Journal*:

> Canadian gold miners are eligible for aid of up to $10.27 an ounce if they sell their output to the mint and can prove the $35 an ounce selling price isn't profitable for them.
>
> Legislation authorizing the subsidies recently was extended until the end of 1970. Its main purpose is to bolster the small towns near the gold mines. About two thirds of the three million ounces of gold produced yearly in Canada is sold to the government, which pays out nearly $15 million a year in subsidies.

Here is the point I wish to make:

> U.S. officials interpret a sentence in last week end's gold pool communique stating members "no longer feel it necessary to buy gold from the market" to mean governments must stop buying gold from producers unless the metal isn't added to monetary stocks.
>
> Canada's legislation virtually forces Ottawa to buy gold from any producer who offers it and isn't making a profit.
>
> "Canada gave a general undertaking to co-operate with last weekend's announcement", a finance department official said. "Now we're looking at the details". He noted much depends on what other gold producing nations, notably South Africa, decide to do.
>
> One solution would be for Canada to re-sell to private buyers the gold it purchases from subsidized producers. Technically, the gold is purchased by the mint, which isn't a monetary authority, and it is only monetary authorities who are barred from buying gold. Thus, the mint, which purchases the gold because it has the refining facilities, could buy and sell gold without apparently going against the gold pool agreement.
>
> Such an outcome would create the possibility of the mint suffering losses if the market price falls below the $35 an ounce the law says it must pay producers, also, it might have to stockpile gold if it can't sell to private buyers all the output it buys.
>
> Until now, the mint hasn't been selling any gold to private buyers. All it purchased has been sold to the government for addition to Ottawa's foreign exchange reserves. Some of that has been resold to the United States.
>
> The finance department official said Canada probably is the only major country compelled by law to buy from and subsidize domestic producers of gold. It was indicated that because the major reason for the subsidies is to keep gold producing communities going, a way would be found to continue the aid. Canadian gold output has been declining steadily in recent years and a number of mines have closed due to exhausted reserves.

If this is true, then Canada has the best of two markets, and the mint could sell the gold to the highest bidder.

In view of the two price system it seems to me the Canadian mint should make an agreement with the United States mint that so long as we have a two price system the mining communities and the miners should benefit from it. The mints of Canada and the United States could agree to be the only buyers of gold and to buy all newly mined gold at a price of $70 an ounce. This price would be set for industry, the arts, investors and speculators. This is the price the U.S.S.R. is charging at the present time. We could then set the price at $70 for industry and $35 for use for monetary purposes.

In view of the fact that the United States and Canada at the present time are using $650 million worth of gold in industry and the arts—a great deal more gold than Canada and the United States are mining—the mines in both countries would benefit from the $70 price. No doubt this would bring into being a great many new gold mines and restore old ones. The danger of extinction faced by the small communities which depend on the gold mines would disappear, and gold miners would be able to look forward to better paying jobs. Indeed, this looks like a golden opportunity to set our house in order and revitalize our great gold mining industry.

Let me point out that a great deal more newly mined gold might be bought by the two government mints than would be needed for industry, the arts and investment. In such case the governments could use the surplus gold for monetary purposes at $35 per ounce, and give an average price of $60 or $65 per

ounce to the mines. Monetary stocks of gold would then be increased at no expense to the government, and the taxpayers of Canada would save at least $15 million a year, which is now being paid to the mines in subsidies.

The financial press of Canada is full of propaganda against raising the price of gold, but why it should wish to subsidize the gold-using industry in both the United States and Canada by paying a price for their raw material which was equitable in 1934 is something which the financial press does not explain. If fish, butter, eggs, poultry, wheat or anything else is subsidized there is always an outcry in the financial press. However, the financial press remains silent when $15 million is taken out of the taxpayers' pockets to pay subsidies to the gold mines in order that those mines can supply private industry in the United States and Canada at a price of $35 per ounce, a price that was set in the depression days of 1934.

• (3:30 p.m.)

The question has been asked in this house, who would get the advantage if the price of gold were advanced? I have heard it said that Russia and South Africa would be the countries which would get the advantage if the price of gold were advanced. The fact is that gold cannot be used in Russia for internal purposes. It is not used in South Africa for internal purposes. Where is it used? It is used to buy goods from the western world. South Africa is now using $1 billion in gold to buy goods from the western world. If the price of gold were doubled, then South Africa would buy $2 billion worth of goods from the western world. Gold is no good for internal use in South Africa because paper money is used just as in Canada. Russia would have a billion dollars to spend. Russia can build all the ships and other things she wants by using her own paper money. However, when she comes to the west to buy she has to use gold or United States dollars.

I would say, therefore, that the countries that would benefit from an advance in the price of gold would be Canada, the United States and the United Kingdom, those countries which want to increase their export trade. These are the countries which would secure an advantage from an advance in the price of gold. It seems to me that the minister of mines, having not only the gold mining industry at heart but also the benefits which would accrue to Canada and the relief to the taxpayers, should get together with the Minister of Finance in order to have the two-price system worked out. This would be of benefit not only to Canada but to the United States and would add gold to our monetary supply as well as making industry and the arts pay the proper price for their raw material.

[Mr. McLean (Charlotte).]

The Chairman: Shall vote 1c carry?

Mr. Martin (Timmins): Is the minister going to make any statement in respect of this subject or is he going to ignore it?

Mr. Pepin: I have no intention of speaking for the simple reason that we had a debate on the Emergency Gold Mining Assistance Act only last December when the legislation was extended. We had a full debate at that time and I gave all possible information. In recent days the Minister of Finance has answered the questions now posed. He has admitted that the policy with respect to what is to be done with the gold the mint is now buying has not been fully evolved. This matter is essentially one under his jurisdiction and not under mine. I am responsible for the administration of gold mining assistance; I am not responsible for the monetary policy of the federal government.

Mr. Martin (Timmins): In the first place, is the minister trying to tell us that the situation has not changed since the last time we debated the Emergency Gold Mining Assistance Act? Is he also saying that he has no concern or thought at all for an industry which is as important to this country as the gold mining industry?

Mr. Pepin: I have not said that. I simply indicated that I was not going to participate in the filibuster. My hon. friends can repeat whatever they want to say on this subject. I feel that the answers they would like to have have already been given or will be given later by the Minister of Finance. If they want to keep on repeating that the federal government is providing money to the gold mining industry that should be used in other ways, that is all right, but it is not so. The Emergency Gold Mining Assistance Act is designed to help the communities which are dependent on these gold mines when they come to the end of their production or are in difficulty. My hon. friend saw the way the act operated the other day when the Hollinger mine was closed because it had come to the end of its ore. Other jobs were found in the area for the people who were laid off.

Mr. Martin (Timmins): There is only one other point I should like to make. I quite understand what the Minister of Finance has been saying over the years, and certainly his opinions are backed up by many other people in this country. What they are saying in effect is that gold is a terrible master which strangles and makes slaves of the economies of the world. This may or may not be so, but the fact still remains that before gold can be replaced as an international unit of liquidity something else will have to be found in which countries will put the same faith as they have had in gold. This may be a very laudable objective but for 5,000 years various nations, particularly those which were at the peak of their power and wealth, tried to control gold. They have always failed in the past. I think we must realize that we are not going to be able to pull a rabbit out of the hat overnight.

If Canada were not a gold producing country I could understand the Canadian government slavishly going along with the United States plan. However, Canada is a gold producing country. If the gold deposits in this country were developed we would be second only to South Africa in world production of gold. The Canadian government either does not realize this or does not care about it. One of two things should happen. The government should take more interest in this industry or it should come out boldly and tell the gold mining communities they have no future because the government is doing everything possible to destroy them. The sooner this occurs, the happier the government will be. This has been the attitude of the Canadian government, or, at least, that is the only conclusion we can draw from the minister's remarks today.

Item agreed to.

Geological Research—

40c. Construction or acquisition of buildings, works, land and equipment, $79,400.

Mr. Cowan: Mr. Chairman, I should like to ask a question of the minister in this regard. I had no intention of speaking on the estimates of the Department of Energy, Mines and Resources but a deputation called on me on Sunday in Toronto when I was home. As hon. members know, my riding is York-Humber and the Humber river flows the full length of the riding. It is considered by the Canadian government to be a navigable stream. The deputation that called on me consisted of pleasure boat owners who have taken great offence at an action taken by the Ontario government with regard to the regulation of the disposal of the contents of toilets from pleasure boats.

As some members from Ontario will know, effective July 1 pleasure boat operators and owners were going to have to make arrangements to empty toilets on land rather than into navigable waters. However, such an uproar developed over the expenditure connected with the change in pleasure boats that the effective date of the regulation was changed to January, 1969. For the information of the minister I should like to say that the pleasure boat owners in the Toronto area, and those who have boats on the Humber river, are protesting because navigable waters come under the federal government. They are wondering whether the federal government will go along with a provincial government legislating in this field.

They point out that quite recently wide publicity was given to some action taken by the federal government against a boat at Nanaimo, British Columbia, which had dumped oil into the harbour there. If the federal government can move against boats that dump oil into navigable waters such as the harbour at Nanaimo, how can the province of Ontario legislate regarding boats that are using Lake Ontario which is an international body of water and is navigable? The Humber river also comes under the navigable waters legislation. Under vote 40c would the Minister of Energy, Mines and Resources state whether the federal government will take action in this regard or allow the Ontario government to carry on?

• (3:40 p.m.)

Mr. Pepin: Mr. Chairman, very shortly, the question of pollution is a most difficult one. It is a difficult matter to rationalize. For example, why is it that under the Navigable Waters Protection Act, the federal government can impose fines on ships in harbour that spread oil on the waters and does not impose similar fines when the offence is committed on the shores of a navigable river? What my hon. friend referred to as a mystery, is one to me as well. Well, in a sense it is a mystery and in another it is not. My department and I think that the question of pollution is constitutionally impossible of solution unless a pragmatic approach is taken to it. Because the jurisdiction is divided or shared between Ottawa and the provinces we must approach the matter in a practical way. We will take action against ships that spread oil across

harbours and they will take action against people who pollute the rivers.

I can find no other way of dealing with this problem, Mr. Chairman. As I said on Friday, the matter demands habitual co-operation between the federal and provincial governments. I also said last Friday that in fields of divided jurisdiction co-operation must be a matter of course, not something that one does when one cannot avoid it. Otherwise we will never get anywhere. The examples that have been cited by the hon. member for York-Humber are a good indication of that.

Item agreed to.

(The following items were agreed to:)

Research and Investigations on Water Resources—

70c. Administration, Operation and Maintenance—To extend the purposes of Energy, Mines and Resources Vote 70 of the Main Estimates for 1967-68 to include the contributions detailed in these Estimates, $1.

B—Dominion Coal Board—

92c. Payments in connection with the movements of coal under conditions prescribed by the Governor in Council, $4,636,900.

C—National Energy Board—

95c. Administration, $115,000.

Energy, Mines and Resources—

L25c. Advances in accordance with agreements entered into pursuant to the Atlantic Provinces Power Development Act, $335,000.

Item agreed to.

Atomic Energy of Canada Limited—

L5c. To extend the purposes of Atomic Energy of Canada Limited Vote L5 of the Main Estimates for 1967-68 to finance the costs prior to the in-service date of the Douglas Point Generating Station, $1.

Item agreed to.

The Chairman: This completes the supplementary estimates of the Department of Energy, Mines and Resources. The committee will now proceed with the consideration of the estimates of the Department of Public Works.

(The following items were agreed to:)

DEPARTMENT OF PUBLIC WORKS

A—Department—

1c. General Administration, $800,000.

Harbours and Rivers Engineering Services—

30c. Construction, Acquisition, major repairs and improvements of, and plans and sites for harbour and river works (including expenditures on works on other than federal property); provided that no contract may be entered into for new construction with an estimated total cost of $50,000 or more unless the project is individually listed in the Details of Estimates, $800,000.

Roads, Bridges and Other Engineering Services—

35c. Operation and Maintenance including authority to make recoverable advances in amounts not exceeding in the aggregate the amounts of the operating expenses of the New Westminster Bridge, $44,000.

50c. Trans-Canada Highway—Construction through National Parks, $150,000.

The Chairman: This completes the supplementary estimates of the Department of Public Works. The committee will now deal with the estimates of the Department of Forestry and Rural Development.

DEPARTMENT OF FORESTRY AND RURAL DEVELOPMENT

(The following items were agreed to:)

A—Department—

Forestry—

23c. Contributions to the Provinces in the amounts and subject to the terms specified in the Details of Estimates, $1.

Rural Development—

35c. Payments in respect of projects and programs under the Agricultural and Rural Development Act, and payments to Provinces pursuant to agreements entered into under that Act, $5,000,000.

B—Canadian Livestock Feed Board—

40c. Administration and Operation, $30,000.

The Chairman: This completes the supplementary estimates of the Department of Forestry and Rural Development. The committee will now consider the estimates of the Solicitor General.

SOLICITOR GENERAL

C—Royal Canadian Mounted Police—

20c. National Police Services, Federal Law Enforcement Duties and Provincial and Municipal Policing under contract—Construction or Acquisition of Buildings, Works, Land and Equipment, $505,000.

Item agreed to.

25c. Payment in the current and subsequent fiscal years of a pension to Mrs. Vera Middleton Ryder in an amount equal to the amount that would be payable in that year under Schedule B to the Pension Act if she were the widow of a Lt. Colonel and entitled to payment of a pension in that year at the rate set out in Schedule B to that Act, $665.

Mr. Cowan: Mr. Chairman, I regret that I do not have before me at the moment a letter from the Minister of National Health and Welfare, but as you can see from vote 25c we are asked to authorize payment in the current and subsequent fiscal years of a pension to Mrs. Vera Middleton Ryder in an amount

equal to the amount that would be payable in that year under schedule B to the Pension Act if she were the widow of a lieutenant colonel and entitled to payment of a pension in that year at the rate set out in schedule B to the act, namely, in the amount of $665. Before I make some detailed comments on this matter I should like to ask the Solicitor General who Mrs. Vera Middleton Ryder is and what rank her husband held at the time of his death, since we are asked to assume that she is the widow of a Lieutenant Colonel, which evidently he was not when he passed away. Would the Solicitor General give us some facts in this matter? I have some comments I wish to make, comments that are sincere.

Mr. Pennell: Mr. Chairman, I understand that the pensionee, Mrs. Vera Middleton Ryder, was the wife of an R.C.M.P. corporal who was killed while on duty. She then qualified for a pension. A short time after she remarried and the pension lapsed. When her second husband died, under the provisions of the act the pension was reinstated to her in the sum of $665 for this year.

Mr. Cowan: Mr. Chairman, this item provides for the payment of a pension under the Pension Act as if she were the widow of a Lieutenant Colonel and entitled to payment of a pension at the rate set out in schedule B. I have received two letters within the last three weeks—I hope I am not going to be told that this comes under the Department of National Health and Welfare—from two widows those husbands died in the month of December, 1967. When they applied for payments under the new Canada pension act, which is one of the feathers in the cap of the Liberal government, they were advised that since their husbands had not lived until January, 1968 they were not going to get any payment under the Canada Pension Plan. These two women are left in dire straits. Their husbands contributed to the Canada Pension Plan as required by the law. They made their monthly or weekly contributions and the pension plan was built up.

I understand perfectly clearly why there had to be a starting date for the Canada Pension Plan so that people could not benefit from it until a certain number of payments had been made into the pension fund. I understand that under the Canada Pension Plan people had to contribute up to and including January, 1968 before their beneficiaries could draw any benefits from the plan. But how in the name of heaven can we legislate in this case as though Mrs. Vera Middleton Ryder was the widow of a Lieutenant Colonel when evidently she was not? I should like to see an amendment made by the Department of National Health and Welfare to the effect that widows who lost their husbands in December, 1967 are not to be considered as widows until January, 1968, thus entitling them to payments under the Canada Pension Plan.

I do not like seeing us extend a special benefit to Mrs. Vera Middleton Ryder when we are prepared to extend no special benefits to those whose husbands did not survive until January, 1968, but passed away almost at the wire, one might say, before they breasted it. I cannot see justice toward the people of Canada when under the Canada Pension Plan we cut off widows whose husbands have made the necessary contributions but did not live until January, 1968.

• (3:50 p.m.)

I do not like seeing special exceptions made. I should like to see payments in favour of all those who can benefit from them and I believe that widows who became widows in December, 1967, are entitled to as much consideration under the Canada Pension Plan as Mrs. Vera Middleton Ryder whom I do not know. I do not even know where she lives. But if this government and cabinet are going to ask parliament to extend special privileges to Mrs. Vera Middleton Ryder I think the same special privileges should be extended to all who became widows in December, 1967 and who were told: "Because your husband did not live until January, 1968, you cannot get any benefits under the Canada Pension Plan." I do not like this special vote in the Solicitor General's supplementary estimates.

Mr. Pennell: With respect, may I say to the hon. member that Mrs. Ryder does not come under the Canada Pension Plan. I should be pleased to take up the question raised by the hon. member regarding R.C.M.P. widows.

Mr. Cowan: I did not say anything about R.C.M.P. widows. I said they are just Canadian widows. This has nothing to do with the R.C.M.P.

Mr. Pennell: I am sorry, I misunderstood the hon. member. I shall be pleased to bring the question of these two widows to the attention of the Minister of National Health and Welfare, under whose department the pension plan is set up.

Mr. Cowan: It is very kind of the Solicitor General to offer to bring this matter to the attention of the Minister of National Health and Welfare, but I have already done so. I have had lengthy correspondence with the hon. gentleman and I have very full replies pointing out that nothing can be done. I will now refer the matter to the Solicitor General to see what kind of answer a fellow cabinet minister will get since a fellow Liberal could only get the answer: "These matters have been investigated fully and nothing can be done."

After I was given those answers in respect of the two widows to whom I am referring, lo and behold, I found on my desk supplementary estimates (C) in which I am asked to vote for a special provision for a widow as if she were the widow of a Lieutenant Colonel. I should like these other widows to be treated on the basis that their husbands died in January, 1968, instead of in December, 1967.

The Chairman: Shall vote 25c carry?

Mr. Cowan: On division.

Item agreed to.

Royal Canadian Mounted Police—

L92c. To increase to $750,000 the amount that may be charged at any time to the R.C.M.P. Cloth Revolving Fund established by Vote 547, Appropriation Act No. 3, 1953, for the purchase and sale of materials for the manufacture of uniforms; additional amount required, $300,000.

Mr. Pennell: Mr. Chairman, before my estimates are concluded I wish to recall the fact that earlier this year, as the house may recall, the hon. member for Kamloops asked certain questions relating to an alleged interference by the R.C.M.P. in the service of documents in the case of George Wilson. At that time I answered part of the question and refrained from making further comment because it was intimated that legal action might flow from the case. I have since learned that there is no intention to institute private legal action. I agree with the hon. member for Kamloops that the matter is of sufficient importance that I ought to investigate it. I wish to advise the house that I have asked for a full report. It is anticipated that inquiries will be made of some 32 people. I expect the report to be on my desk shortly.

Item agreed to.

The Chairman: That completes the supplementary estimates of the Department of the Solicitor General.

[Mr. Pennell.]

DEPARTMENT OF MANPOWER AND IMMIGRATION

Development and Utilization of Manpower—

5c. Administration, Operation and Maintenance—To extend the purposes of Manpower and Immigration Vote 5 of the Main Estimates for 1967-68 to authorize payments in respect of persons who will be afforded occupational training under the Adult Occupational Training Act and to provide that the provisions made by any Appropriation Act for the current fiscal year based on the said Vote in respect of occupational training for adults shall be applied for payments in respect of persons who will be afforded occupational training under the Adult Occupational Training Act and to provide a further amount of, $18,250,000.

Mr. Lewis: Mr. Chairman, this item concerns the major part of the program dealing with the training and retraining of various classes of people. It also affects a point which some of us have raised, the difficulties in some of the larger cities with large numbers of immigrant families and their children. Despite the time of the session I think the minister owes the committee some kind of report of his stewardship of the new training program he has inaugurated.

One could make a lengthy speech about some of the failures of the program which have been reported, the lack of training facilities in many parts of the country, the substantial drop in the numbers taking advantage of the training facilities compared with earlier years, and the very great problems that have arisen as a result of the three-year requirement before the training allowance is paid. I do not want to do that unless I have to. Despite other considerations I think the minister owes this committee and the country some kind of outline of the policy and work which have been carried on before the committee passes this vote. When the minister came in with some sheets of paper in his hand I thought that perhaps he had notes for such a statement. I invite him to make one for our benefit.

[*Translation*]

Mr. Marchand: Mr. Chairman, as far as that matter is concerned, it is true that during the past year, the retraining program has been criticized. The main criticism was that fewer persons had been retrained than under former program no. 5, and that there were also very serious deficiencies with regard to language instruction.

The first statistics that we could obtain—since the program has only been in effect for a year—indicate that as many persons have been trained under the new program this

year than under the previous program, last year, that is, 250,000.

I would not go as far as to say that this is enough and that it is a complete success, but, in my opinion, it is at least an answer to the objection raised to the effect that fewer persons were now being retrained under the new program. The figures now available—

Mr. Lewis: Mr. Chairman, I should like to direct a question to the hon. minister. What was the number he mentioned?

Mr. Marchand: I said 250,000, Mr. Chairman.

Mr. Lewis: Could the hon. minister tell us how many people were trained per province?

Mr. Marchand: Unfortunately, Mr. Chairman, I shall only be able to supply this information a little later, since we get those figures from the provinces which are responsible for the training, which must supply the schools and which set up the programs. Therefore, we shall have to wait until they provide us with their own information. All I have at the present time is the probable number of 250,000, but I shall try to get more details.

• (4:00 p.m.)

Still, there is something extremely interesting about that figure of 250,000 and it is that there are many more people who take these courses assiduously than did under the former program. Contrary to what has just been said, there are fewer drop-outs under the new program than under the former, probably because of the allowance level, and that is a definite improvement.

Since the level of those allowances is, shall we say, more adequate, people tend to take courses right to the end. So, even though we have not reached the degree of perfection we should like to attain and our friends opposite would like to see us attain, the fact remains that the program, as I previously stated in this house, is now as efficient as the former and that it shall exceed it by far, unless the house refuses the necessary estimates to achieve those objectives.

Now, with regard to the teaching of languages, there have been deficiencies also, expecially in the Toronto area. Fortunately, they have been corrected. At the present time, a greater number of people attend language courses in the various provincial institutions, than a year ago, but this does not mean that everything is perfect. Improvements have yet to be made, but the defects and deficiencies mentioned in this house some months ago no longer exist.

Mr. Lewis: Are those courses for adults only or for children also?

Mr. Marchand: For adults only, Mr. Chairman. We have no jurisdiction in the field of education to children. That is the exclusive responsibility of the provinces and, unless agreements entered into with the provinces are amended, we will not assume any responsibility with regard to language instruction for the children.

[*English*]

Mr. Lewis: One does not suggest that the minister or the department should intervene in the education of children. But is the minister still adamant against giving some financial assistance to provinces where the load of providing immigrant children with an opportunity to learn the language so they may move into the educational or occupational stream is too great?

[*Translation*]

Mr. Marchand: Mr. Chairman, in that connection, I think that the line drawn between the provinces and the federal government should be maintained.

Now, it is argued that as it is the federal government which is responsible for the coming of immigrants, it should assume the whole responsibility.

We are not the only ones, Mr. Chairman, who want immigrants in the country. The province of Ontario has immigration offices; it wants immigration, and rightfully so. The same is true for most provinces having an adequate economic growth. Thus, it is not our sole responsibility. It is also the responsibility of the province concerned.

However, I have started to consider a project to assist not directly the teaching of languages but perhaps the adaptation of immigrants in Canada; that might be interpreted by the provinces as an assistance to the teaching of languages. We are working on such a project at the present time and I hope the right formula can be found, provided money is available.

[*English*]

Mr. Lewis: I thank the minister for his last statement. In developing this new project is the department consulting with the provinces

and those interested in this field, or is this a project which is being developed in Ottawa to be shown subsequently to the provinces? I hope the latter is not the case because it seems to me many of these projects have gone awry precisely because there has been lack of communication during their development.

Mr. Marchand: We are in permanent contact with the provinces when studying these problems. I have been in personal contact with Quebec. I know that Mr. Davis will be coming to Ottawa, and this is the kind of subject we want to discuss with him. The sort of co-operation the hon. member has in mind will exist.

Item agreed to.

6c. Payments in accordance with terms and conditions approved by the Governor in Council to Provinces and in respect of Indian Bands under the Municipal Winter Works Incentive Program during the 1967-68 and 1968-69 fiscal years of amounts not exceeding fifty per cent of the cost of labour incurred in a five-month period commencing either November 1 or December 1, 1967, as selected by the Province or Indian Band, and in the case of projects in designated areas within the meaning of the Department of Industry Act, sixty per cent of such cost; and to authorize payments in those fiscal years to Provinces in respect of previous Municipal Winter Works Incentive Programs, $20,000,000.

[*Translation*]

Mr. Laprise: Mr. Chairman, as far as vote 6c is concerned, I would like to ask the minister if he has a statement to make about the extension of winter works this spring?

Mr. Marchand: Yes, Mr. Chairman. There will be no extension of the winter works season.

[*English*]

Item agreed to.

10c. Grants, Contributions and Subsidies in accordance with the terms and conditions specified in the sub-vote titles listed in the Details of the Estimates, $31,750,000.

Item agreed to.

Immigration—

15c. Administration, Operation and Maintenance, including trans-oceanic and inland transportation and other assistance for immigrants and settlers subject to the approval of Treasury Board, including care en route and while awaiting employment; and payments to the Provinces, pursuant to agreements entered into with the approval of the Governor in Council, in respect of expenses incurred by the Provinces for indigent immigrants, $900,000.

Mr. Cowan: I spoke to the Chair earlier and stated I wished to speak on the subject of immigration. I had no comment to make on the manpower estimates but I have some comments to make on the item before us, 15c.

Those who are interested in the operation of this department know that drastic changes have been made with regard to the treatment of immigrants and would-be immigrants coming into this country. At the present time I am wrapped up in the interests of three men from Greece who are anxious to settle in Canada. Two of them are in the riding of York-Humber at this time. The third returned voluntarily to Greece where he is endeavouring to get back to Canada with landed immigrant status. I must say that this shepherd boy is receiving fine co-operation from the Canadian immigration officers in Athens.

At the moment I am more interested in the two would-be immigrants now living in York-Humber. I have advised the minister more than once that I was anxious to see these supplementary estimates called so that we might discuss a few of the features of the Immigration Act. I have coming up on April 3 a hearing before a special immigration officer in Toronto regarding one would-be Greek immigrant, and on April 9 I have an appearance before the immigration appeal board in Ottawa regarding the second. There are circumstances arising in connection with these cases which I believe apply to the entire immigration department and which need to be straightened out in a hurry.

I am sorry I have not had the opportunity this year of attending the sittings of the special joint committee of the Senate and House of Commons on immigration. I did attend them at some length a year ago and two years ago. Although not a member of the committee I exercised my right as a member of parliament to attend. I believe some fine changes were made in the administration of the act after suggestions put forward by the hon. member for Essex West, the hon. member for Hamilton West and myself. But there are still some snags in the administration of the act which need to be straightened out and I trust hon. members will bear with me while I elucidate.

One of these Greek immigrants came to Canada on a visitor's visa. Everything was in order. His relatives in this country are well able to look after him until he is well established. Of course, there is a ukase to the effect that he cannot accept employment, but he is not protesting against that at all. I shall take first of all the case of a 39 year old would-be immigrant whose people have done so well in this land that they are now living the lives of a retired lady and gentleman,

owning considerable property in the borough of York and the city of Toronto.

This man applied for landed immigrant status. What I protest against is the fact that when he was given a hearing by the immigration department no friends were asked to be with him. Then somebody shows up and gives him a written note assessing the kind of immigrant he is likely to be and the kind of man he is likely to be. According to the details set out in the regulations and according to the forms supplied by the Department of Manpower and Immigration, immigrants can sometimes qualify with 35 points, sometimes have to have 40 points and at other times 50 points.

• (4:10 p.m.)

What I have objected to and objected strenuously, and I do so again now, is the fact that when this man is given his rating and is not given enough points to qualify for landed immigrant status, there is nobody there to advise him and help him. It is almost an examination. In fact it is an examination that he is being given, but he does not realize that he is being given an examination. Then in due course he gets a letter through the mail telling him he has been assigned a certain number of points and that he has not made enough points to qualify for landed immigrant status.

When the would-be landed immigrant receives that notice, having had this first examination against which I protest because it is done in the dark and behind closed doors without any advice being available to the would-be immigrant, he has to leave the country. I hate to use the word deportation. I do not think it should be used by the Department of Immigration. When it tells a man he has to leave the country it does not have to tell him he is being deported, but this is what it does. He has to show up at the deportation office on a certain date and he is deported. When boys in the army overstay their leave they are not called deserters the very next day. They are described as absent without leave. Why don't you call the boys who overstay their leave in the army deserters just as you call these would-be immigrants to Canada deportees the moment someone says they do not have enough marks to qualify to remain in the country?

In the case of this 39-year old Greek, the gentleman with whom I am going to appear before a special inquiry officer on April 3, it does not take a lot of mathematics to subtract 39 from 1968 and find out that he was born in 1929. He came into this country in the month of July or August of last year to visit relatives, an aunt, an uncle and cousins. After he had been here a while he thought he would like to remain in the country and he made a formal application to the immigration department to remain. Unknown to his friends, and I call myself a friend of the family, he was given an examination in some office and later he was advised he had not secured enough marks to stay in the country.

In fact this 39-year old man got 24 marks on an examination that requires him to get 50 marks, and he was told that because he got only 24 points he could not stay. He got a letter from the department that I may yet read to the committee. He was told to get out of the country, that he was not wanted and had not got enough marks. He came to see me with his relations who are Canadian citizens well able to look after him. they asked me, "What goes now"? I said, "The only thing we can do now is fight a delaying action. The first thing to do is to enter an appeal to remain in the country."

We entered an appeal to remain in the country and we went before what is known as a special inquiry officer. They use the initials "S.I.O." in the immigration department to cover them. So we go before the special inquiry officer to argue that this gentleman, this 39-year old Greek, a fine looking man, should be allowed to remain in this country. He can be as big a success here as his uncle, aunt and cousins. The special inquiry officer goes through the usual bland questions and he comes to the point that under education and training, where a would-be immigrant can be given a total of up to 20 assigned points, this chap has been given a total of 4. He is 39 years old and under the immigration examination he can be given 20 points under section 1, education and training, one unit to be awarded for each successful year of education or occupational training. This chap was given 4 points by the first officer who examined him.

When the special inquiry officer who, you might say, was hearing the case again—I am not using the word "rehearing"—came to item No. 1 where this chap had been given only four points by a man I have never seen or met, I raised objection and pointed out that this fellow had been given four points on the basis of one point for each year of formal education that he could prove he had in his homeland. This man was born in Greece in 1929 and his people sent him to school when he was about seven years of age, about 1936. The young lad started school in 1936. He was going to school regularly and he was liking

school. But in 1939 his school teacher was drafted into the Greek army because there was some fear of an invasion from the other side of the Adriatic. The young lad did not have a school teacher although he had a schoolhouse. All school teachers were drafted and his education stopped after three and a half years. We will call it four years because he was given four marks.

As there was no school teacher he worked around the farm with his father and the other members of the family. Very shortly, in came the Italians from the west and they burnt the village, they burnt the schoolhouse, and they burnt the boy's home. I asked him where he went when the Italians arrived. I am speaking of the war of 1939 to 1945. He said that his mother and dad took him up into the hills.

After a year or so in the hills they returned to their burned-out village. The lad remembers them rebuilding the place. They put up what you or I would call a ramshackle building because things were uncertain in Greece between 1939 and 1945. There were still no school teachers. They were in the Greek army, if they were still living. Then the partisans came up from the Aegean sea and internal war raged. They burnt the village again, they burnt the boy's home, and again his mother and father took him to the hills. At the meeting with the special inquiry officer I asked this lad, "What did you live in? Tents?" Through the interpreter he said "Tents? We lived in the hills. There were no tents. The army had the tents."

I give you this example of how this lad survived two invasions of his home town. He had no schoolhouse and no school teacher. When he comes to Canada in 1967 the immigration department wants to know why he quit school so early. I told the special inquiry officer that the fact this man had lived through two invasions was proof he was entitled to every mark in the book because he could survive under drastic conditions. How simpler it will be for him to live in Canada and establish his family in Canada when you consider the conditions under which he lived in Greece.

What is going on in the immigration department? I know of an Irish boy who was brought out to Canada in 1939 because there was a likelihood of bombers coming over from Germany to Ireland. This young lad came to Canada and went to school in Canada, but the Greek boy had to stay in Greece. He did not have the money. His schoolhouse was burnt down, his school teacher was in the Greek army, and his own house was burnt down.

[Mr. Cowan.]

What was the Irish boy doing at that time? He was getting the best education we could give him in all of Canada. He was going to school regularly. No German bombers landed in Ireland or bombed the village from which he came and, lo and behold, in time we gave him a seat in the Senate and he is a great success. He came over the ocean because there was a war in Europe. But when this Greek boy survives the Italian invasion and the war of the partisans we tell him, "You cannot stay because you do not have enough education. You have only four points and you could have 20." Why do we treat with kid gloves the Irish boy who came here in 1939 and remained far from the field of conflict, and then tell this Greek to go back and see how he makes out if the Turks come in should the Canadian army unit be withdrawn from Cyprus?

I have appealed before on behalf of that shepherd boy being allowed to remain in Canada. The immigration department went to the tremendous length of speaking to the Secretary of State for External Affairs last June, and the Secretary of State for External Affairs advised the immigration department that there was now a stable government in Greece. That was terrific. I have a letter here from the immigration department telling me that the Secretary of State for External Affairs says that conditions are fine in Greece, that they are very stable now following the revolution of a year ago. It will be a year ago in April.

But what do we have now in Greece? I have in my hand the *Globe and Mail* of last Wednesday, March 20. There is a report of a statement made in the House of Commons under the heading "Cyprus Force Likely To Stay, Martin Says". The report reads as follows:

• (4:20 p.m.)

The three-month extension to June 26 of the United Nations peacekeeping mandate on Cyprus probably will not be the last, External Affairs Minister Paul Martin indicated in the Commons yesterday.

Andrew Brewin (N.D.P., Greenwood) had asked whether, in view of the improved atmosphere on the Mediterranean island, Mr. Martin could say the recent extension would be the last.

Mr. Martin replied that there had been "some improvement" but not such that this would be the last renewal of the mandate.

About 900 Canadians are in the 4,500-man UN Cyprus force.

Now we have Mr. Martin's factual up to the minute statement on conditions in Cyprus. Do not forget that the Turks and the Greeks

are facing each other there over a line of demarcation. The immigration department was putting pressure on this shepherd boy. His family thought that if he returned to Greece they could get him back here again more easily than if he stayed and fought with the officials and the appeal board. His Greek relatives in Canada raised the money and it cost them $424 to return the boy. I know their situation. They have a small restaurant.

Last Tuesday morning on the C.B.C. program "Preview Commentary" there was a ten minute commentary by Peter Mellors. We all know that since it was on the C.B.C. it must be true and factual. Mr. Peter Mellors was introduced as a resident of one of the islands of Greece. He gave a very factual rundown of the conditions there. I was interested in this rundown because I was waiting for an opportunity to speak about these two Greeks who wish to remain in Canada.

I wish to thank the C.B.C. for the very prompt co-operation I received in this regard. They gave me the transcript on Friday and I had asked for it on Tuesday morning. Some of you may have been waiting for Max Ferguson and may have missed Peter Mellors. He said:

> Nobody outside of Greece can have any idea of the unending flood of propaganda the Greeks have had drummed into them since dawn last April 21st. And in every other socially and economically backward, I should say developed, country the radio is the most powerful means of thought control. It gets right into the homes spreading its insidious message as the children are being got ready for school, as the housewife does her chores, as the husband has the mid-day dinner and as the family gathers in the evening. They might not agree with this, they don't even have to listen to it, but the poison does its work all the same.
>
> The Greek radio has never been anything but the mouthpiece of the party in power.

That is quite different from Canada, you know.

> So the colonels are really only following the principles of the despised politicians in offering every hour on the hour an orgy of self-congratulation. The Prime Minister, Mr. Papadopulos, has been inundated with telegrams from the length and breadth of the land praising him for his surprising leniency in extending the recent amnesty to all the regime's political prisoners. Surprising indeed, that the amnesty had extended to about 10 per cent of such prisoners, but that is the sort of details the radio doesn't bother to report. Th same selectivity is used about the U.S. and other nations of the free world. American space achievements are the wonder of the universe, while the Russian efforts in that direction are dismissed with hardly a mention. As for Vietnam, that war has been won by our gallant American allies over and over.
>
> In the grand old democratic days, Greeks could compare what the radio told them with what was in the newspapers. That would be a pointless exercise now. The newspapers outdo the radio and even vie with each other in piling praise on Mr. Papadopulos and his highminded, patriotic, incorruptible and, of course, tremendously efficient cabinet colleagues. Report control in Greece doesn't end with the radio and the press. Special stamps were issued celebrating the April 21st revolution, stamps were cancelled with slogans extolling the virtues of the national government, as the colonels call themselves.
>
> On the island where I live a big poster has appeared showing a labyrinth, sign-postered with those smears of a democratic society that Greeks were saved from by the national government. Anarchy, corruption, communism, of course, and something called red fascism. Most of the shopkeepers have put the posters up so that it hits you when you walk through the door. One or two, I have noticed, have tucked it away almost out of sight. It's little things like this that tell you what the Greeks think of their government.
>
> In fact, in spite of all the propaganda, not to mention a few good things the colonels have managed to do, the majority of Greeks seem to be thinking less and less of their rulers. What happens is that people have begun to compare the colonels' promises with their performance and no amount of propaganda can hide the fact that things are getting not better but worse, especially economically.
>
> But what can anybody do? The slightest whisper of discontent lands you in jail. The politicians have been cowed, the army purged, the King kicked out of the country. The colonels meanwhile continue on their merry way buoyed up, one can only assume, by their own propaganda.

That report was broadcast on the C.B.C. network as recently as last Tuesday morning. This gentleman whose comments I accept as being factual, and who spoke on the C.B.C. over a broad network, said that things in Greece are getting not better but worse, especially economically. There was a revolution in Greece in April of last year.

I should like now to refer to the revolution in Cuba of six years ago. You may have read about the 24-year old Cuban girl who was in Vancouver taking part in a gymnastic competition. One might say that she jumped ship. When it was time to return to her country she could not be found. The Cuban people on the team could not find her and returned to their country. The girl showed up a couple of days later in Vancouver. Shortly after I asked the Minister of Manpower and Immigration in the House what action the department intended taking with regard to this Cuban girl whom I have never met and know nothing about. He informed me that he did not have the details but would advise me further the next day. The next day he showed me a detailed statement he had received from the deputy minister of manpower and immigration in which the facts were given about the

girl who had disappeared and was found again in Vancouver.

This girl was applying for political asylum against the Castro revolution of six or seven years ago. She was 24 years old. Since then the Minister of Manpower and Immigration has been his usual gracious self and has inquired into this matter in detail. He told me that he felt inclined to give the girl political asylum from the revolution in Cuba. I told him I thought that was the proper stand to take and congratulated him on it. He told me that in a few days some formal action would be taken. On Friday last the Minister of Manpower and Immigration advised me that a special order in council was going to be passed by the cabinet to grant this Cuban girl in Vancouver political asylum. I congratulated him and told him that he could not pass the special order in council too soon to please me. This situation pertains to a revolution of six years ago in Cuba. I am speaking of a revolution which took place as recently as last April.

That Greek who last summer did not want to return to Greece because of the revolution was told that everything was stable in Greece. I pointed out that things were stable in Paris between 1941 and 1944 under the heel of Hitler. There is no reason that we should play favourites with a Cuban girl with regard to a revolution six or seven years ago and give different treatment in respect of a revolution only 11 months old.

• (4:30 p.m.)

These Greek men do not want to return to Greece because war could break out there at any time, particularly in view of the situation in Cyprus. We have the assurance given to the Social Credit members some years ago, and I was in the house at the time, that if fighting breaks out in Cyprus the Canadian troops will be withdrawn immediately. We keep the peace as long as there is peace but when it is likely there will be a war we withdraw our peacekeeping troops, as shown by the Suez situation. The same thing will happen in Cyprus because the Social Credit members have the assurance that if fighting breaks out in Cyprus between the Greeks and the Turks the Canadian troops will be withdrawn right smartly.

Why should we send these Greeks back to Greece at this time when they might become involved in a war? They want to escape that possibility. This 39-year old man is married and has three children he wants to bring out to this country where his relatives can quite ably look after them. He has been told that although he may have survived the Italian campaign and the partisan campaign, he is not too smart and has only received four points for education. What does it matter that his school teacher was drafted? What does it matter that the schoolhouse was burned down? What does it matter to us that he was only 16 years old when the war was over? That is apparently of no interest to the immigration department because he has only four points for education.

In my riding of York-Humber there is a man who asked for landed immigrant status, having come here from Australia. The immigration people in Toronto went over him with a fine-tooth comb. I do not know what marks they gave him but he did receive a letter telling him that he had to get out of the country, that he was going to be deported. They again used this word "deported" which means to me Botany bay for the English and Devil's island for the French. We are still using this word "deported".

This young chap is 23. Individuals of this type never come to me until they receive these deportation letters. That is the first I ever heard from him. This young lad asked me for assistance so he could remain in Canada. I asked him why he had waited until the stable door was shut—it is not locked but it is certainly shut—before he came. I said that I would see what I could do and I made inquiries about this 23-year-old lad from Australia. I found out that he apparently lived until age 16 in a central European country. When he was 16 his father decided there were better prospects for himself and his boy in Australia. They moved to Australia seven years ago. The father took up hairdressing down there and this boy learned the trade along with him and became very proficient at it. This young man today lives within 300 yards of my home.

This young man asked me if I could assist him to remain in Canada. I asked this proficient hairdresser whether he had told the immigration department that he was an Australian citizen. I asked him if he was actually an Australian citizen. He said that the moment his five years were up he took out Australian citizenship. I asked him whether he had told the immigration department of this fact. He said he did not know whether he had done so. He said that he had come from Sydney and that they should know he was Australian. He said he did not know whether he had mentioned his Australian citizenship. I

asked him to let me see his certificate. We went up to the place where he was rooming and he went into the bedroom and produced his certificate. It is really something. It has the Union Jack on it in red, white and blue, the Queen's picture, Australian leaves and everything else. This grants him Australian citizenship. He is an Australian citizen sworn before the deputy mayor of Sydney, Australia.

At this point I said to him that as far as I was aware we had not started deporting Australians yet and I told him I would go to see the immigration people the next morning. I went to the immigration department in Toronto and told them the facts of the matter as I have related them to you. I asked how many Australians we had deported in recent years. They could not recall deporting any Australians recently but they got on the phone and to my surprise—

The Assistant Deputy Chairman: Order. I regret to interrupt the hon. member but the time allotted to him has now expired.

Mr. Lewis: Mr. Chairman, I have no intention of speaking for very long but certainly—

Mr. McCleave: Let the hon. member continue.

Mr. Lewis: If members of the committee would like to give the hon. member for York-Humber an opportunity to complete his speech I would be very pleased to sit down and rise after he has done so.

The Assistant Deputy Chairman: Does the committee give unanimous consent to the hon. member to complete his remarks?

Some hon. Members: Agreed.

Mr. Cowan: Thank you, Mr. Chairman. I wish to thank hon. members for their co-operation. As we are in committee of the whole I was relying on having a break in my time so I could resume speaking later. If the committee wishes to give me unanimous consent to continue now I will do so. I thank the hon. member for York South for his co-operation.

As this chap from central Europe was an Australian citizen I went to the immigration people and informed them that they were deporting an Australian citizen. As this was something brand new to me I asked how many Australian citizens had been deported in the last 18 months. They replied that there had been very few deported, if any. I was very glad to hear that. In any event they made a telephone call and after a lot of whispered conversation I was advised that because of a shortage of hairdressers in Toronto they were going to allow this Australian to remain in Toronto. They filled out the necessary papers and everybody was happy.

It was about this time that I realized what was going on. This central European is single. He had left his homeland to go to Australia with his father seven years ago. He learned his trade in Australia and became very proficient. In 1967 he came to Canada alone without his father. The father would be somewhere between 50 and 60 years of age. One must realize that there is conscription in Australia of Australian and British subjects for the Viet Nam war. We do not have conscription in Canada for the Viet Nam war or for any other war. Here was this Australian citizen who had been seven years resident in Australia. After five years residence in Australia he took out his Australian citizenship. He has his Australian citizenship and now he is a safely landed immigrant in the Dominion of Canada.

• (4:40 p.m.)

What about the Greek? He does not want to go back to the revolution in Greece, but what does the immigration department care about him? We are only protecting those people who do not want to be conscripted for the war in Viet Nam. We may be a homeland for draft dodgers from the United States, but that is another matter. I am speaking now about an Australian citizen to whom the immigration department gave the status of a landed immigrant because there is a shortage of hairdressers in Toronto. Evidently there is no shortage of restaurant workers because the officials of the immigration department are telling Greeks to go back home. If a war breaks out with Turkey we will pull out our Canadian troops in Cyprus, but we will want someone to stand up to the Turks and the Greek people who come over here look like good cannon fodder.

I do not see how we can refuse this 39-year old Greek admission to this country on the basis of the number of points he gets. I have not been able to attend meetings of the immigration committee. However, I saw accounts of these meetings in the newspapers and I discussed some of the hearings with the hon. member for Cartier who was one of the joint chairmen of the committee. Miss Scott,

the newly appointed chairman of the immigration appeal board, testified before the committee. I know the hon. member for Cartier questioned her rather closely on this point. He asked whether the immigration appeal board can reverse or upset the points score given by the first immigration inquiry to the would-be immigrant. Miss Scott said no, the points system cannot be reversed. She said they can only work on the grounds of humanitarianism as the facts are presented to them.

I should like to put a question to the Minister of Manpower and Immigration, who in my opinion is doing a fine job. I am not saying this because I am asking now for special consideration. My requests for consideration have never been turned down, with the exception of the case of the Greek shepherd. I cannot understand why the Greek to whom I referred a while ago is not considered to be admissable and yet there are thousands of Greeks in Toronto who have established themselves securely there. The Greek shepherd boy is in Greece now but there are two other Greeks in York-Humber who are requesting landed immigrant status at the present time. However, Miss Scott said there is no use going before the immigration appeal board because the points score cannot be reversed. This fellow was given 24 points out of the 45 or 50 which he is supposed to have. He did not have much schooling so he cannot get marks under that heading. At the first hearing of the special inquiry I let the inquiry officer know what I thought of the treatment given the Irish boy who fled from the European wars and became a senator, while we tell these Greek boys who went through the second world war and a revolution at home to go back home.

The inquiry officer at that point said he would like to adjourn the hearing, to which I agreed. Now my Greek friend has received a second call to appear before the inquiry officer on the morning of April 3, and he received a letter asking him to bring his educational certificates with him. I hope they are in French and English because this fellow went to school for only three and a half years, and no doubt his instructors in Greece thought the immigration department in Canada would want to see the certificates in the future when he was 39 years of age. I wonder how many boys who went through two invasions of upper Greece in the last war have their education papers ready for presentation to the special inquiry officer of the immigration department in Toronto. I will not bet any money on that, and this Greek fellow does not have such certificates. We have to take his word that he had about three and a half years of education before his teacher was drafted.

May I say to the minister, with all the feeling I can muster, that these men should not be given marks at a secret hearing and then be told later by the special inquiry officer that he does not have the power to change the decision on the number of points the man first received. In the case of the man to whom I referred, he was examined by somebody or other in Toronto for the duration of 20 minutes. During that time the telephone rang and the officer who was supposed to be examining him spoke over the telephone for six minutes on the subject of the employment of another immigrant somewhere in Toronto. So the man who was being examined was only given 14 minutes, at the end of which the inquiry officer decided to give him 24 points. We have such a clever immigration judge in Toronto that he was able to pass judgment and make a decision affecting the future life of this 39-year old man, his wife and three boys living in Greece after an examination lasting only 14 minutes as the result of which he gave the man 24 points out of the necessary 50. As a result this man cannot remain in this country, although his uncles and his aunts have established themselves successfully over here.

Why were other people not allowed to be present at the hearing so that the applicant could have received full credit for the conditions under which he had lived? Up to 15 points are given for the applicants, adaptability, motivation, initiative, and other similar qualities as they are assessed by the immigration officer. Yet this 39-year old Greek who went through two wars as a child, which showed some adaptability, motivation and initiative, was given by this wise examiner in Toronto 6 points out of 15. I wonder whether the special inquiry immigration officer would have survived the first invasion, let alone the second. The all-important examination in these cases is the first one. The special immigration officer admitted he cannot do anything to change the first decision on the points system, and so did the chairman of the immigration appeal board. She said she can only act on humanitarian grounds.

We know that under the new rules the minister does not have the authority to change or to supersede the final decision of the appeal board. The two Greek cases I have mentioned have not yet been before the appeal board under the new rules. I appeared before the immigration appeal board on two separate occasions. One involved a gentleman from Jamaica and the other involved a gentleman from Italy. The appeal board found against the applicants. I took the matter up with the minister of immigration and citizenship who in those days had the authority and who granted special permits to the Italian and the Jamaican. The two of them are now well established in Toronto, and their families are here with them. If anyone wished to look up the official government record he would find that it still says the applicants must leave the country. I took the matter up with the minister, a man with a big heart and with compassion, and he granted these two men special permits to stay. If I were to bring the case before a special immigration board now there would be no appeal.

In the case of the Greek fellow we could file an application for political asylum from the Greek revolution. If the little girl in Vancouver could escape from Cuba to Canada by a special order in council of the cabinet giving her political asylum in this country, then these two Greeks should not have to go before the special inquiry officer on April 3 and before the immigration appeal board on April 9. These men are trying to get away from the rule of a military junta which is controlling Greece today, particularly in view of what was said by the Secretary of State for External Affairs last week, and in view of what the C.B.C. reported as recently as last Tuesday morning.

I suggest to the minister that when the first hearing is held the relatives of the applicant be advised that this is the all-important hearing and that they should be present at it and bring their counsel if they wish so that the applicant will have the best chance of receiving the largest total number of points possible. If he is going to be examined behind a closed door the decision reached will be an anchor round his neck when he goes before a special inquiry officer to appeal the first decision. As we know, there is no use appealing because the anchor around his neck will drown him from the first hearing. I say to the minister, there must be a change in this regard.

I have here in my hands four recent copies of the *New Statesman* and *Nation,* the most recent ones to have come from London. Each of them contains an article on the situation in Greece which points out that democracy in that country is dead. How in the name of heaven can we give political asylum to a girl from Cuba where the revolution is six years old and not give asylum to these would-be immigrants from Greece who have paid their way over here and who have relatives here to look after them? Why should we have to go through the rigmarole of a special inquiry and a hearing before the appeal board? Can the minister give me an answer?

Mr. Lewis: Mr. Chairman, when I rose earlier I said I would not speak as long as the hon. member for York-Humber. I can say now quite definitely that I certainly will not. I have two or three brief remarks for the attention of the minister and the officials of his department. But before I make them I want to express my appreciation of the careful and considerate way in which the officials of the minister's department have always dealt with any matter I have brought to their attention, and I have had many of them.

Some hon. Members: Hear, hear.

Mr. Lewis: There is a large number of new Canadians in my constituency, particularly of Italian origin, and therefore I have had many dealings with the department. I am personally grateful to the minister's officials, on behalf of these people and indeed on behalf of the people of Canada, for the very intelligent, gracious and helpful way in which they have dealt with these cases. As a matter of fact, I have not had occasion to go to the minister himself or even to the deputy minister more than once or twice because the officials of the department were either able to give my appeal favourable consideration or else were able to persuade me that their rejection of it was based on unobjectionable grounds.

I am very concerned about the tests given to applicants. I appreciate the fact that when the minister and his department prepared these tests for applicants they tried to arrive at a much more objective set of questions than had previously been the case. I do not object to the intention or the objective which they set for themselves, but the tests have always worried me. It has always worried me that a person who gets 35 points has a passing score and the person who gets 33 points fails. The lower mark might easily be the result of a particular characteristic of the officer who

is interviewing the applicant. It always worried me at school as well as at university and it worries me now when my children are going through school.

• (4:50 p.m.)

I have often wondered how a professor of English can say that an essay is worth 74 marks and not 75 marks when 75 would have given the youngster first class honours while 74 gives him second class. This is all right for an essay which does not matter very much, but it matters a great deal to an applicant. It matters a great deal to the person who is seeking to remain in Canada or to come to Canada. If because the examining officer has a certain attitude, was bitten by something or was abused by someone an hour before the examination takes place, his response to the applicant is different from what it might otherwise have been and the applicant loses, then I suggest to the minister he consider the possibility of rechecking so that the matter is not left to the judgment of one officer.

I appreciate that this would increase the load of work. In view of the large number of applications with which the department has to deal it may well be that this is not a practical suggestion. I really do not know. I am being frank and honest with the minister when I say this. However, I am worried as a result of the experience I have had about leaving the decision in the hands of one officer in a one-shot interview, which is generally the case. One officer, in a one-shot interview, may be fallible and is, may make errors and does. The only way I can see to overcome that is either by regular rechecking, automatic rechecking by another officer or, alternatively, rechecking at the request of the applicant or someone connected with him. This will not give perfection either. I appreciate that you can never arrive at perfection.

Mr. Clancy: Will the hon. member allow a question? What does he mean by old Canadian and new Canadian?

Mr. Lewis: I was not aware—

Mr. Clancy: Define it. Put it on the record.

Mr. Lewis: I was not aware I was speaking about that at all, Mr. Chairman. May I continue? I appreciate that even a recheck will not bring perfection, but at least if you had two officers independently agreeing on a situation you would have a much closer approximation to justice than you have now.

[Mr. Lewis.]

Another point I wanted to draw to the minister's attention is the difference between a person who comes to Canada as a tourist and applies for immigrant status while he is here, and a person who makes application in his own country. If he comes as a tourist and makes application while in Canada, eventually he has access to the appeal board. The new appeal legislation gives the appeal board not only permission but authority—I would suggest almost a direction—to take humanitarian and compassionate grounds into consideration. When an applicant has not met the test on the number of points required he is able to go before the appeal board, either himself or through someone else, and present a case on humanitarian and compassionate grounds. However, a person who makes application in Rome or, as in one of the most recent cases to come to my attention, makes application in London, does not have access to the appeal board in Canada. It is impossible for the higher officers in Ottawa to recheck the application. If he is rejected as a result of the one-shot examination over there, then really he is through except that he may start over again and keep pressing at this end. Therefore it seems to me, that unless something has happened of which I am not aware, and that could easily take place, the point system has to be changed or a difference should be made to take cognizance of this fact.

There is a case I have in mind of a person who has a very old aunt here who cannot nominate him for various reasons. She does not have enough income or she does not believe she can live as long as the five-year guarantee requires. He has no closer relatives except a large number of cousins in Canada who are very anxious to help him become established in this country and are able to do so. He makes application overseas without sponsorship as an independent applicant. He has to meet, if I remember correctly, roughly 50 points if he is an independent applicant. He does not quite meet that test. I do not yet have the information, and I am not at all sure whether I will get it, as to what points he did reach. He is through, except that I will probably be landing the case on the minister's desk because the information I have persuades me that this person ought to be admitted.

The minister may want to give the case favourable consideration, but he is in a spot. He cannot see the applicant because he is overseas. He can only go by the record in the file and presumably the record will show that

this fellow lacks sufficient points in education, in training or in skills. Perhaps the officer who examined him thought that in the personal initiative category he was entitled to only 5 points out of 15. Perhaps he did not come within the category in which there may be a job for him. The minister, if he is to change the decision, will have to have a great deal more information than I may well be able to give to him.

Like all other hon members, I have some uneasiness about asking the minister or any one of his officers to make a special case without some valid argument. If the man were over here these valid arguments might be present but they are not in my hands to bring to the minister. It seems to me that since a person who makes application outside the country cannot have available to him the final appeal on humanitarian and compassionate grounds to the appeal board which someone who is resident here can have, the department should give very serious consideration to the possibility of varying the requirements. Perhaps they could be rearranged so that more weight would be given to one aspect than another to meet this situation.

I have raised two points which I hope will be helpful. Certainly they are concrete. It seems to me they are at the basis of immigration selection because the selection is now based on an objective test. I have said already that the officers certainly do their best but there were these two points that I wanted to bring to the minister's attention.

Finally, Mr. Chairman, I want to say a brief word about something that does not fall directly under these estimates. I will not take more than two minutes to do it, if that long. The subject is related to these estimates. When we bring immigrants into Canada we have to be concerned about the facilities available for them to become citizens. The more I deal with Canadians who have recently come to this country, the more I am impressed by the fact that a relatively small proportion of those who have lived here the required length of time become citizens. At every election, whether federal or provincial, when I finally see the voters' list for my riding I am astonished and discouraged by the fact that not only not all but I would say less than half of those who could be citizens as a result of the length of time they have been in this country are in fact citizens. And, Mr. Chairman, for the most part they want to be. I have talked to them and been given to understand that they feel they are not getting the opportunity to become citizens as a result of the requirements of the citizenship courts, the tests to which they are put, and the fact that they have to lose money by being off work when they are trying to save every penny they can.

• (5:00 p.m.)

I will not say anything else on this subject because I appreciate that it is not in order, but I would appeal to the minister of immigration, who is concerned about those whom his department assists and admits to Canada, that he do all he can to change the manner in which persons make application for citizenship and are tested for that purpose. I do not know whether the minister will take time to deal with the points I have raised; I am not at all sure he would want to at this stage. However, I hope his department will pay serious attention to the suggestions I have made, not because I make them but because from my experience they seem to be matters deserving attention.

[*Translation*]

Mr. Lachance: Mr. Chairman, I should like to say a few words at this stage.

I think that all members of the house have already joined in the tokens of sympathy expressed throughout the world towards the victims of the terrible earthquake which occurred in Sicily recently.

I know that the Minister of Manpower and Immigration (Mr. Marchand) has already assured the house that special arrangements would be made to make it easier for the greatest number possible of those victims to immigrate to Canada and settle here.

A great number of the electors of the Lafontaine riding that I represent in this house are of Italian origin. They are building great hopes on the special arrangements announced by the minister some time ago. But time goes by and results seem to be long in coming. Can the hon. member give us some details on the results of the special steps which were taken by his department in that instance?

In addition, Mr. Chairman, I should like to point out, as other members have done I am sure, that a large number of citizens who have immigrated to Canada in the last 10, 20 and 25 years have never asked to become Canadian citizens. That problem probably falls within the jurisdiction of the immigration service, but I wonder if the hon. minister might not be able to tell us something in this regard.

Recently, an immigrant, who was on the point of being married, needed a passport to go abroad, as he had lost the passport of his country of origin, and he could not obtain a new one within a reasonable period of time because the town where he was born had been destroyed during the war. Naturally, because he was on the point of being married, he was told that he would have to make an application and wait for months before getting his Canadian citizenship.

I wonder whether, in such cases, it might not be advisable to intensify our efforts with a view to encouraging the immigrants who have been in Canada for quite some time to become Canadian citizens.

Mr. Marchand: Mr. Chairman, just a few words in reply to those various questions.

The hon. member for York-Humber (Mr. Cowan) described in great detail the cases which were submitted to him. He will surely understand that I am not in a position to discuss those cases as he did this afternoon, because I have just been acquainted with them. In any event, I will surely look into what happened to ascertain whether our policy is really lacking.

As for the hon. member for York South (Mr. Lewis), I believe he is right in theory. Independent immigrants who have asked to come to Canada should have at least the same rights that tourists enjoy in Canada. Indeed, it is the tourists in Canada who have exceptional privileges. I do feel it is practically impossible to grant the right of appeal in the case of all direct applications that can be made.

But, in any case, the point system inaugurated last year is not sacred. It is still under study because we want to find out how it can influence immigration or what discrimination can result therefrom. Of course, suggestions made to us will be studied seriously and we will see to it that it is improved, if need be. In any case, it is a system which, in my opinion, has improved considerably our immigration policy, particularly with regard to sponsored immigrants. Moreover, it is a system which rests in part on discretionary power. It is difficult not to have discretionary power and, when a point system is applied, it can become too rigid. It is a matter of finding out if, in practice, the system works as well as it should.

That is all I want to say for the time being, Mr. Chairman.

[Mr. Lachance.]

[*English*]

Mr. Schreyer: Mr. Chairman, I want to take just three or four minutes to express to the minister of immigration my dissatisfaction with section 5 of the Immigration Act and in particular its application. Section 5, as hon. members know, spells out the categories of persons who are simply not admissible to Canada as immigrants by reason of mental incompetence. Section 5 stipulates clearly that:

> No person, other than a person referred to in subsection (2) of section 7—

That is the section dealing with the discretionary power of the minister.

> —shall be admitted to Canada if he is a member of any of the following classes of persons:
>
> (a) persons who
>
> (i) are idiots, imbeciles or morons,
>
> (ii) are insane or, if immigrants, have been insane at any time—

Last Friday, Mr. Chairman, the hon. member for Fort William sponsored a bill, No. C-30, the effect of which would be to grant permanent immigrant status to persons who until now have been denied it simply because they may have had a medical history of mental illness. Even if it had only lasted for short intervals, apparently this has barred them from being given permanent immigrant status. The bill debated last Friday would have changed the law in this respect. The hon. member made his case sa clearly and logically that I for one do not understand how this anomaly in the law has been allowed to exist.

In order not to digress I want to hark back to section 5 which prohibits the entry into this country of certain categories of persons who have a condition of mental illness or mental incompetence. Section 7 permits the minister to exercise discretionary powers. Although I am not challenging that provision it was my understanding until very recently that the minister felt he was under an extreme injunction not to exercise this discretionary power. Therefore I presumed that few, if any, persons in this category were allowed into this country.

• (5:10 p.m.)

My involvement with this section of the act comes about through an individual case. I shall not take up the time of the committee to relate all the particulars. Suffice it to say that two families from a South American country had satisfied all the requirements of Canadian immigration law and were deemed eligible to enter Canada as immigrants. However, they

were prohibited from so doing because one person, one dependent, in this two-family group was considered mentally incompetent. In all other respects the applying families met the requirements of our immigration law. Ironclad guarantees were given with respect to the employment of these people in this country and with respect to financial arrangements for housing and so on. There was no good reason to deny these families entry as new Canadians except that possibly they could not leave one member of the family behind. The mother was very old and one brother was mentally incompetent.

The minister has the power to use discretion in these matters. I am not suggesting he should not have that discretion. I was surprised to learn from the hon. member for Spadina, who spoke last Friday, that 176 mentally incompetent persons in 1966 and 179 mentally incompetent persons in 1967 were allowed into this country despite the provisions of section 5 of the act. The minister was able to use his discretionary power and allow them in. I do not challenge that but I wish to ask the minister one question. He must use some criterion. He deals with every case on its merits and it would be hopeless for him to try to explain how he justifies every decision to allow persons into this country. I know he must take into account the circumstances applying to other members of the immigrant's family. But surely it is possible for him to indicate in a general way what circumstances must obtain before he is prepared to issue a permit for the entry into Canada of a dependent person who is mentally incompetent. If the minister will not answer now, perhaps he will take my question as notice. I intend to debate it with him at some opportune time in the future.

Mr. Cowan: Mr. Chairman, I was waiting to hear what the minister might say in answer to the hon. member for Springfield. I do not wish to speak at length on the matter. I was happy to receive the assurance from the minister that the points system is not an established sacred cow. I must tell him that from the advice I have from the Toronto immigration office it is an established sacred cow there at the moment. I am glad to know that the minister will disestablish that situation.

There is one point I want to emphasize to the minister and it is this. What is the competence of the examining officers in the first place? I have already extended public thanks, and I have done so privately as well, to the minister for having granted a special permit to a gentleman and family from Jamaica. I sat through the hearing in Toronto before the special inquiry officer on the Jamaican's application. We were accompanied by the minister of his church, Pape Avenue Baptist Church, and heard the questioning of the Jamaican citizen who is now in Toronto. The questions were fired at him by the special inquiry officer. I would have presumed that he was an able, well educated man who knew what he was doing. He asked the Jamaican what was the date of the armistice in the first world war and the Jamaican said November 11, 1918.

The inquiry officer fired another question. He said, "What was the date of the armistice in the second world war?" That was the first moment I intervened. I was called a counsel, although I am not a lawyer. The only way I could get into the hearing was as the Jamaican's counsel. So I said to the special inquiry officer, "What are you talking about? No matter what answer this Jamaican gives you he will be wrong because there was no armistice in the second world war. It was unconditional surrender." Judging from what some members of parliament have told me, a peace treaty has not been signed yet between Germany and the allies, so the investigating officer's question was wrong. Peace not having been signed, the war is not over technically. So I said, "There was no armistice in the second world war. No matter how this fellow answers he is going to be wrong and either way you are going to dock marks off him."

To show the mental capacity of that special inquiry officer I would point out that there was a transcript made of the questions and answers, and because my interventon showed that the special inquiry officer was not master of the situation—he did not like to be shown up in this way—there were some changes made. If you will look at the departmental transcript of the hearing you will find that he has changed his question. In his question he now says, "What was the date of the end of the second world war." I am shown as objecting. "I object to the question because there was no armistice in the second world war." If the examining officer has no more intelligence than that shown by his secondary question, it does not say much for him. He altered his question without making any contact with me. I intervened because of the falseness of his first question. The altered transcript shows that the special inquiry officer is not very bright.

I think that in the first instance we should have higher quality judges in the department. I agree with the hon. member for York South. More than one man should be required to make this life or death decision affecting the welfare of families. I do not know whether I would agree that three people of the quality of the one I have just described are better than one good, intelligent man, but certainly I believe the quality of the examiners should be raised.

Since the minister has been kind enough to say that the point system is not sacred I should like to ask him what is the meaning of the paragraph on page 6 of the regulations dated September 12, 1967, which reads:

> The regulations also provide that either a nominated relative or an independent applicant who comes to Canada as a visitor and then applies to remain permanently will have to meet slightly higher selection standards than if he had applied overseas.

A 24-year old chap to whom I am referring, a Greek, got a total of 45 marks—I have the examination marks right here—on his examination. We were told by the special inquiry officer that he had to have 50 marks because he applied in Canada. Why does the man who applies in Canada have to have five more marks or points than the man who applies overseas? What is the difference? He is not a different man overseas than he is in Canada. In fact, he has had enough get up and go to pay his way out here and also to buy his return ticket. He must have the return half on his visa. And because he has shown some spunk and got here on his own he is told, "You must have five more points than if you had not come here and had applied through any average, regular immigration office in Europe, Asia or South America." I have had South American applicants. Why must people get five more points in Canada than if they applied elsewhere?

Mr. Minister, I have already said I have no complaints with the handling of these cases by the officers of your department. I have congratulated you for your fine spirit and deep concern about this matter. You have said that the points system is not sacred, that you are not going to sanctify the points system in this mundane world. I also wish you would drop the use of the word "deportation" on every piece of printing material that comes out of the immigration department for would-be immigrants.

[Mr. Cowan.]

[*Translation*]

Mr. Marchand: Mr. Chairman, I should like to give a brief answer to the question put by the hon. member for Lafontaine (Mr. Lachance) with regard to Sicilian and Italian immigrants.

We have given priority to all applications made in Sicily; we increased the number of our agents in Rome so that priority is given to all Sicilian immigrants and their applications are considered as fast as possible. Moreover, we have given priority to applications from sponsors of Sicilian immigrants coming from Canada, and that method proved effective. Unfortunately, I cannot give figures to the hon. member this afternoon.

As for the hon. member for Nickel Belt (Mr. Fawcett)—

• (5:20 p.m.)

[*English*]

I am no more satisfied than is the hon. member with section 5. We know that some illnesses which were incurable years ago can today be cured. This is where we can use our discretion. We shall amend this section as soon as we are able to do so. I shall not advance any argument on the point because I agree the provision should be changed in 1968.

The question has been raised: why should it be more difficult for would-be immigrants to obtain immigrant status when they apply here in Canada rather than in the countries from which they come? The answer is that if this policy were not followed people would not bother to go to our offices in Europe at all. They would come directly to Canada and make application here on the ground that it would be easier and processing would be quicker. If we are to maintain offices abroad, then those who respect our regulations should have some kind of preference. That is why there is a slight difference. We do not refuse applications made in Canada but we indicate it is preferable for application to be made in the immigrant's own country.

Mr. Cowan: To comment on the minister's last observation, I have the minister's remarks here, as he has made them for the past several years, and I notice he points out that in this modern day and age people can be transported much more quickly and easily from one country to another. People come here as visitors and after seeing the country they decide to stay. If a man comes as a visitor he does not apply to the immigration office overseas. Very likely he has only been

tempted to remain as an immigrant because of the opportunity he has had to see the country at first hand.

The 24-year-old Greek I mentioned was given 45 points on his examination in Toronto. He was told he needed 50 points because he had applied in Toronto. The question which arises is: Can we send him back to Greece? With the 45 points he was given in Toronto he would be entitled to entry to Canada provided he made his application in Greece. He obtained 45 points in Toronto which he was told—and I was there when this took place—would be sufficient if he applied in Greece. It looks a little ridiculous if, having failed by only five points in Toronto, he buys a return ticket to Greece and passes on the marks he has established in Toronto. Of course, it is a good thing for the air lines. I wish that Air Canada flew to Greece so they could get all the revenue. But I believe the young lad would only pay Air Canada as far as New York and would fly Sabena from there to Athens. The hon. gentleman has been very kind to me in connection with my applications but I must say I do not see eye to eye with him 100 per cent in connection with that last statement.

Mr. Marchand: We could probably have a more lengthy discussion on this subject when we amend the Immigration Act, but I am sure the present policy is sound.

Item agreed to.

DEPARTMENT OF TRANSPORT

2c. Acquisition of railway cars and other equipment, $76,500.

Mr. McCleave: I have just one question which I raised earlier in the absence of the minister. Perhaps the hon. gentleman can reply to it now; I have given him notice. It concerns a request by the Shipping Federation of Canada, Halifax branch, and by the longshoremen of the Halifax area for further consideration of a projected increase in pilotage and boat costs for Halifax harbour. I shall not put forward the argument which has been made to me. I think it is really a matter of their having time in which to present their case to the minister and the department. This would be the preferable course. It is a matter of some urgency because the expected increases which have been mentioned were to come through as of April 1. Perhaps the minister could indicate whether their pleas and mine have had some effect.

Mr. Hellyer: I am pleased to advise the hon. member that as a result of the representations which have been received I have given instructions that the date be extended by 15 days to give all interested parties a chance to make representations.

Mr. McCleave: I am very grateful to the minister.

The Assistant Deputy Chairman: The hon. member for Trois-Rivières.

Mr. Mongrain: I will relinquish my turn to the hon. lady from Vancouver-Kingsway.

Mrs. MacInnis (Vancouver-Kingsway): Has the minister anything to tell us about the state of negotiations between Ottawa and the province of British Columbia with regard to the Roberts bank development?

Mr. Hellyer: We are carrying on negotiations. I have received another letter from the premier which crossed one I had sent to him. We are both interested in getting on with the job. In the meantime we are going ahead with the technical plans for the port. I hope we can reach a satisfactory conclusion because it is important that the port be opened in time to handle the first shipment called for in the contract with the Japanese. We have every intention of seeing that this is done.

Mrs. MacInnis (Vancouver-Kingsway): I am well aware that the jurisdiction with regard to the deep-sea port is federal but is there any attempt being made to work out a satisfactory degree of co-operation which will allow some degree of provincial participation or control?

Mr. Hellyer: In my first letter I said we would be pleased to co-operate with the provincial government with respect to industrial estates, the land assembly program for industry which is associated with the port facilities. This could be worked out on the basis of a 50-50 partnership as suggested by the province, or under any other agreed formula.

So far as the port facilities are concerned, I indicated in my first letter that the federal government was willing to accept full responsibility. I also indicated subsequently that we were making a study of the question of ownership and control of port facilities in Canada and that this study might suggest some changes in connection with control, more particularly in connection with local participation in management. However, in view of the fact that this subject has not been studied for

many years, not during the last 25 years to the best of my knowledge, I feel we should await the results of the study—I hope it will only take a couple of months—before agreeing to any new form of port control. I think this is particularly important because there are some basic questions involved which have to be answered. I do not believe we have sufficient information yet on which to base a policy as suggested.

• (5:30 p.m.)

On the other hand, it could well be that following the conclusion of the study there would be some recommendation for increased local participation. We have left the door open for this to happen at some future date and have suggested that in the interim it would be in the interests of all parties involved that the federal government go ahead with the technical plans so that the contracts could be called and there would be no delay on the physical works.

Mrs. MacInnis (Vancouver-Kingsway): What has been the response of the provincial government to this proposal?

Mr. Hellyer: The response has been one of continuing negotiation. I have not yet received a reply to my last letter but I think the will exists to try to work the thing out co-operatively. I certainly hope that is the case.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I want to assure the house right away that I shall be very brief. I only want to deal briefly with two points.

First of all, I must tell the minister that he made a very good impression during his visit to Trois-Rivières yesterday. I visited my riding this morning in order to listen to comments and read newspaper reports, and that does not surprise me, because such a welcome is customary in our area.

There is only one thing I wish to point out to the minister, and it is that the member for Trois-Rivières is an independent. Therefore, when the Prime Minister or the leader of any party pays a visit to his municipality, he is happy to welcome him on behalf of the entire population of Trois-Rivières. If I am saying this, it is because when certain candidates come to Trois-Rivières, they invite the member, through their organizers, who then makes a point of being present, but he would not want to give the impression that he favours a candidate more than another.

That was my preliminary remark.

My other remark is perhaps more substantial. I remember that the minister said either in the house or elsewhere, that he would consider the advisability of paying some compensation those who suffered damage caused by flooding.

A little later on, I understood the minister to say that he had some misgivings, because it was an act of God for which the government was not responsible.

In the name of all my constituents—and I think this also answers the expectations of some of my colleagues who received the same requests—I should like to ask the minister today to undertake a serious inquiry into the situation. Along with others, I believe there has been negligence on the part of some responsible officials of his department. I do not blame the minister, nor his senior officials, but those responsible who should have foreseen the situation and taken appropriate measures before it was too late.

In my opinion, the least the hon. minister can promise the house and those who have been greatly injured by what has happened, is to set up a neutral and responsible body to study the situation in detail and with all due objectivity so that, if it is proved that responsible officials in his department have been guilty of negligence, at least partial compensation can be given in the most serious cases.

There are some pathetic cases which I find extremely unfair. In fact, for many years, we proved to the people that we were able to make the necessary arrangements in order to avoid a similar disaster, and those people invested tremendous amounts in properties which, in several cases, have a certain value. Today, we condemn them to assume those damages without any compensation, especially if we take into consideration—as I have written myself—the fact that most of those victims are people of limited means, even poor in many cases and doomed to a precarious situation because of that act of God.

I repeat my question so that there may be no misunderstanding on the part of the minister. I do not ask him this afternoon to promise officially in the house that he will give a 100 per cent compensation to those who suffered damages, but at least I should like to know whether he is prepared to make the necessary arrangements so that one individual or a group of responsible, competent and unbiased individuals could study the situation in detail with a view to granting a partial compensation in the most extreme cases, if

some deficiency, weakness or neglect can be proven.

[*English*]

Mr. Hellyer: Mr. Chairman, first of all I would like to thank my hon. friend for his kind words and I apologize for not having met him at the reception in Trois Rivières. Certainly I will see he is invited next time and will be most delighted to meet him there. It is also true, as he suggests, that I received a warm welcome. I was not surprised but I was certainly delighted with the degree of the welcoming warmth that I received there.

Mr. Mongrain: I will send you the clippings.

Mr. Hellyer: Merci bien. So far as the question that he has raised is concerned, I did have an inquiry made earlier because of the allegations which had been made, and there was no indication that there had been any negligence. If my hon. friend has any evidence to the contrary I would be glad to see it. In the meantime I would undertake to send him the report which sets out day by day exactly what was done so that he can study it. Perhaps this will assist him in reaching some conclusion in his own mind whether or not everything possible that could be done was done.

There were unusual circumstances. It was one of the most severe winters in many years. As my hon. friend knows, the only thing that the department can do is break a channel and let the ice flow out to the sea. If in certain parts of the river there is very little current and there are adverse winds, the ice does not move toward the sea. Then we get a jamming condition which can produce very serious results. Sometimes it brings about flood conditions. When that happens it is due to the weather and is beyond the control of the department. This, to the best of my knowledge and belief, is exactly what happened. I would be pleased to send my hon. friend the information I have and I think it will satisfy him. If after having read it there are any further questions in his mind or he has evidence over and beyond what has been made available to me, then I would be glad to reconsider the question.

• (5:40 p.m.)

[*Translation*]

Mr. Godin: Mr. Chairman, the items before us now are public items and as we must consider ourselves as representatives of the Canadian people, we must either accept or reject those estimates.

Now, when we consider the way those estimates will be spent, we find out that one part will be used in favour of a company operating under the aegis of this department, and I am referring now to the Canadian National Railways.

Therefore, I avail myself of this opportunity to point out to the hon. minister that our constituents are asking for details as regards the administration of this crown corporation. We know that grants enable it to make both ends meet. We also know about the means used to put it on its feet again. It is public knowledge. But when the time comes to tell us how those amounts are spent, it becomes a question of internal administration, and the matter is taboo.

I personally placed on the order paper a few questions concerning the activities of the Canadian National Railways. As an example, I shall quote one question I considered then as being in order and the answer I was given. It was question No. 1068 of August 29, 1966.

> How many employees of the Canadian National Railway get a salary (a) between $4,000 and $6,000, (b) between $6,000 and $8,000, (c) between $8,000 and $10,000, (d) between $10,000 and $15,000, (e) between $15,000 and $25,000, (f) of $25,000 or more?

In order to support my previous statement, I will quote the answer given by the parliamentary secretary to the then minister of transport, the hon. member for Kootenay East (Mr. Byrne):

> The management of the Canadian National Railways gives the following information:
>
> It was not considered in the best interest of the company to disclose information as required on the earnings of the employees.

I often placed questions on the order paper and an employee, responsible for its editing, gave me a phone call and said: Mr. Godin, I did receive your question, but do not try to place it on the order paper or to have it accepted. It pertains to internal administration and you will not get an answer.

It is a fact that it is the company's interest to prevent its administrative methods from becoming public knowledge and to keep certain details secret.

However, when the company is faced with a deficit, when it requires 50 or 60 million dollars in order to make both ends meet, then it becomes public business and they come before parliament to make up for the deficit. Then, the government does not hesitate to

make a grab for the handbags and pockets of Canadians. It is indeed revolting to learn about such things when we know how those deficits were created.

I wish, once again, to take this opportunity to point out to the minister how those deficits are created and what is their cause.

The main cause, I think, is patronage. When I speak about patronage, I refer to the ridiculous rates granted to certain companies by the Canadian National Railways.

I could name a member of the board of directors of the Canadian National Railways who is also an honorary member of a company in the province of Quebec. The company uses this official to obtain favorable prices.

Now the big companies contribute to election campaign funds, but I should like to point out to the minister that the companies' money does not always reach those funds, and that certain agents fatten their wallets with some of it. In fact, I know one of those agents who earns $1000 a month just by sitting as a honorary director of a company. Now, as soon as he goes back to sit on the board of the C.N.R., he can get advantageous prices for the company which pays him for his small services.

It is obvious then that the companies which do business in a territory other than that of the C.N.R., that is to say which must transport their goods by the C.P.R., which operates in a reasonable manner and with a profit, are left behind those which benefit from C.N.R. rates.

Since transport is more and more important in a country such as ours, where it must be admitted that a large number of people owe their success to the C.N.R., I think that a little more consideration should be given to the generous offers made by the C.N.R. to a few companies. Whether we like it or not, this can cause irreparable damage to those who want to hold their own by using other services. This can also cause irreparable damage in the sense that certain companies will be forced to close down, being unable to get rates similar to those of their competitors.

Mr. Chairman, I suggest that this is dishonest and unfair competition, since all those companies must live, they provide work for Canadians and they do not receive an equal treatment. Some companies can benefit from ridiculously low rates, while others get the short end of the stick.

Some truckers are hard hit by that situation, and I would like to read a resolution I received from the Fédération des associations de camionneurs de la Mauricie Inc. It is resolution No. 11 passed at their general meeting held in Saint-Adolphe on October 12, 1967, a copy of which was sent to the then member of the administration (Mr. Chrétien). I quote:

> Inquiry concerning the reason why the C.N.R. allegedly has reduced its freight rates with regard to the transportation of hard wood logs from Rapide Blanc to Ste-Thècle, Laviolette County, and from Rapide Blanc to Garneau Jonction, Laviolette County?
>
> As a result of such action, about 30 truck owners who are members of the Federation found themselves in a difficult situation. We would be much obliged to you if you could give us the reason of such a dractic measure, since the C.N.R. thus becomes an unfair competitor, which is unjustified since the C.N.R. is a crown corporation, therefore a company owned and subsidized by the people. We therefore ask you to take the necessary steps to remedy that state of affairs and to get things straightened out.

I can say that things have not been straightened out in that area, but also that other similar situations arose elsewhere and on a much wider scale.

Mr. Chairman, I would now like to bring up another matter. For the third time, I would like to tell the minister about the living conditions of the C.N.R. employees, especially those who work on mobile teams and must sleep in railway cars during the summer months.

During election campaigns, on great occasions, for instance last year for the centennial of confederation, some people expressed their appreciation in high sounding speeches to those who built our country. Of course, we counted deceased persons among them, because we know very well that they will ask us nothing; we also counted people who had worked on the construction of railroads.

Indeed, the construction of a railway is important, but I claim that its maintainance is not less important. In a vast country such as ours, which stretches for miles and miles, workers have to labour unsparingly and they must give service regularly, in extreme temperatures, while here, in parliament, where we have good heat and good lighting, we cannot imagine what it may be like for a man to work in all kinds of weather.

Now, many tasks are carried out by special machines, but machines will never replace manual labour, for accurate work for instance. There will always be impossible spots, where only a human being will do, and the worker will always be indispensable to operate the machine.

The workers which the Canadian National had to keep owing to the force of circumstances are more ill-treated than ever and that company can boast of being the one whose employees are treated the worst throughout Canada. Mobile teams are well paid, well fed, but, as far as rest is concerned, it can be said without fear of being mistaken that it is an absolute zero, for the reason that workers have to sleep in cars where there are still bunks. Last summer, we even found a car without an air-conditioning system. For five years, the inspector passed by that car but, because it was not on the list of those he had to inspect, he had no business going into it, inspecting it and reporting it. Five years went by before some smart guy disclosed the existence of that famous car.

Now, private companies that are managed by men who know business have admitted for years that it is to their advantage to lodge and feed their employees well, and that to obtain good results it is wise to take care of their health.

Now, for the guidance of those who might have wanted to forget common sense, the province of Quebec has passed a departmental order on double bunks. I am referring to a notice published by the Health Department on March 7, 1961:

Upper bunks are prohibited in new buildings to be used as sleeping quarters in camps, and the director of the industrial hygiene division—

• (5:50 p.m.)

These standards were adopted for the men who work on construction or in the bush and were meant for large companies that might have part-time employees. Now, we realize that business companies with full-time employees still do not treat them well. I continue:

—and the director of the industrial hygiene division can grant an extension to August 1, 1961 to allow employers to comply with the requirements of this amendment with regard to existing sleeping quarters.

Now, I feel that a good stretch of time has elapsed between 1961 and 1968. The employees of the Canadian National pay modern taxes but must sleep in old-fashion quarters, in upper bunks. We know that, in the lower bunk, the temperature is roughly 60 to 65°, while on very warm days, the temperature in the upper can reach 105°.

Last summer, I visited the experimental farm of the government, here, and I found it marvelous. Be it stable, or pigsty, the temperature was controlled. There is not an agronomist, not a government technician who would dare to keep animals in a temperature of 105°. Still, at the Canadian National, employees are kept in temperatures of 105°. I say this is nonsense. I feel that what cannot be allowed for animals, that might be detrimental to profits, to results, should not be allowed for men, because by so doing, it harms their health, their future, in short their whole life.

Mr. Chairman, our farms are well lit, well equipped, but I would like men to be better taken care of. Members of the opposition and even one member on the government side have pointed this out to the house repeatedly.

This is the fourth time I speak of this myself. The former minister of transport had made me a beautiful promise; he was to deal with the matter. It was urgent, but all the minister of transport did was to hand in his resignation, as recorded on page 2472 of *Hansard* for September 25, 1967. I do not intend to bring up this question again, but I hope the present minister will assume his responsibilities and deal with the matter.

The workers are not asking for a medal or a salary increase. They are simply asking to be allowed to rest under normal conditions.

I should like to mention again here that the former minister of transport, Hon. J. W. Pickersgill, only had to say that he was a little tired in order to be offered a job at $45,000 a year. Our workers are now tired of bad housing and of paying union dues for nothing. In 1965, their union had obtained a promise from the minister of transport that everything would be taken care of. Nothing has been taken care of.

If Hon. J. W. Pickersgill could say that he was tired, our workers say they are still tired, but they are unable to have a good rest. They are tired of those nice promises and after three years, I feel that the behaviour of the Canadian National Railways proves that this company does not keep its promises. A waiting period of 36 months is long enough to realize that this company is truly irresponsible.

I think that this is a most appropriate occasion to ask the minister to look seriously into the matter and to urge the Canadian National Railways to keep its promises made to the unions three years ago. I imagine that the Canadian National Railways was aware of the nature of those commitments. I also have the impression that it knew that those requests could be met. We are not asking the impossible or for something to be used abroad, we

are merely asking for something quite in order for our own people.

Now, I should like to see the hon. minister at least make an effort to house the Canadian National workers in the same way he houses our soldiers, our sailors and our airmen. In any part of the world, even in the underdeveloped countries, we always find it possible to house them well and to feed them well, and I imagine that in our own country we could see to it that they all are well-housed and well-fed.

Mr. Chairman, may I call it six o'clock, because I still have a few remarks to make after the dinner recess.

[*English*]

Mr. Hellyer: Mr. Chairman, perhaps there would be some disposition on the part of the committee to sit for a few minutes to see whether others wish to speak.

Some hon. Members: Agreed.

[*Translation*]

Mr. Godin: Mr. Chairman, if the house will permit, my remarks will not take too long.

Since I was talking about construction, I have before me a document which could assist the minister. It is an article written by Mr. Jean Côté in *La Semaine Illustrée,* in the June 5-11 issue, where he refers to the picnic car, and I quote:

> In order to enlighten the public with regard to the extravagance of the C.N.R., determined also to bring about an inquiry, we shall deal with the specific case of the picnic cars or the private cars of the privileged few of the company. After describing the situation, we shall see that it would be possible to reduce the deficits if the PASHAS, integrated within an overall policy of restraint, did not live in style at government expense.

When referring to style and all the rest, Mr. Côté illustrates his article with some revealing pictures.

> Throughout Canada, there would be more than 75 picnic cars, of which 25 are in Quebec. They are available to a small group of lucky people, vice-chairmen, foremen and other officials, and are being used for various purposes.
>
> Those luxurious cars, the building of which cost half a million dollars or more, are real palaces on steel wheels. By means of a masterly arrangement, all the modern-life advantages were gathered under the same roof, showers, kitchen, bedrooms, parlours, and so on.
>
> About 15 persons can sleep there comfortably, and a hundred of meals may be served every day without the guests being obliged, on account of the lack of space, to keep their hands in their pockets.

> The picnic car is a skilful version of the luxurious cars of the regular lines where, for a few dollars, you can take it easy whenever by chance you board a train for a restful trip to a distant city.
>
> Of course, the marquess' friends will spend unforgettable hours as guests on fishing or hunting trips in the most remote areas of Quebec.

We are told that the cars are not entirely new. The old can be made new.

> Today, palaces on wheels are no longer made. Rather the old is made new, that is to say existing cars are converted into picnic cars, which is just as costly.
>
> There is not enough space to give details on this scandalous situation, to give some names to our readers, to tell about some nice fishing parties amongst people who appreciate comfort and some spicy adventures that would be the talk of the town.

I do not intend to linger on this subject. I only wanted to show the minister that old cars could be made quite modern without adding all that was added to those picnic cars.

Mr. Chairman, since I would speak for ten more minutes, I would point out that it is six o'clock.

• (6:00 p.m.)

[*English*]

The Chairman: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Brandon-Souris (Mr. Dinsdale), Indian Affairs—request for reconstitution of parliamentary committee; the hon. member for Vancouver-Kingsway, (Mrs. MacInnis), Consumer and Corporate Affairs—investigation into increase in price of milk.

It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

[*Translation*]

Mr. Godin: Mr. Chairman, it is true that I am the one who called it six o'clock upon consideration of item 2c, regarding the acquisition of railway cars and other equipment.

Now, I have other remarks to make but they will mainly deal with the other item.

Mr. Grégoire: Mr. Chairman, does item 2c not involve a general debate, as the—

Some hon. Members: —No.

Mr. Grégoire: Otherwise, Mr. Chairman, I could go back to another item which I see here, item 5c.

Some hon. Members: Carried.

Mr. Grégoire: Mr. Chairman, I should like to get some information: Does item 2c, the first one to be considered at the present time, as in the case of other departments, not authorize a general debate on the overall policy of the Department of Transport, or do we have to wait for a specific item on this matter?

The Assistant Deputy Chairman: Order. At the present time the committee is considering a specific item.

[*English*]

Mr. Barnett: Mr. Chairman, I should like to ask a question or two directly related to this vote 2c which has to do with the acquisition of railway cars and other equipment. The supplementary amount being asked is $76,500. In checking the main estimates for the fiscal year that is about to conclude, I find there is an item for $200,000. The comparable amount asked for in 1966-1967 period was $610,000. Turning to the main estimates for the coming fiscal year, which have already been tabled, I notice that $200,000 is indicated as the amount required.

I wonder if the minister can explain just what this supplementary vote is for? Following that, perhaps he could explain whether the vote results from the termination of a certain program and, in being asked to vote this amount of $76,500 are we, in effect, only being asked for this amount for the current fiscal year, or will the full spending for this year be $276,500? As I asked earlier, does this indicate the completion of a certain program of acquiring equipment?

Mr. Hellyer: This additional amount is required to pay for the replacement of the Governor General's cars Nos. 1 and 2.

Mr. Orlikow: I wonder if I could use discussion of this item to ask the minister a question which is becoming of increasing concern to railway workers across Canada? Some months ago there was a very sharp lay-off on both railways, but we are concerned particularly with the Canadian National. Several thousand railway workers across the country were laid off and there were protests from every part of the country. Last week I think there was an announcement in Winnipeg by both the Canadian Pacific and Canadian National repair shops that they would be closed for a full month this summer. This means of course that every railway worker who works there will get at least one week's holiday without pay. Some of course will get more. There are recurring fears among railway workers that the lay-offs which I mentioned just a moment ago are going to continue.

The Assistant Deputy Chairman: Order, please. The committee is not studying item 2c and there is nothing in that item related to working conditions or lay-offs. I ask the hon. member to confine his remarks to the subject mentioned in vote 2c.

Mr. Orlikow: I have almost completed my remarks, and I am only going to ask a question. I assume that if the companies acquire railway cars, at some point those cars are going to need repair. Has the minister a statement to make as to whether we can expect more lay-offs of Canadian National Railway workers? This is the point I wanted to raise. If this is the wrong item, I can of course raise the matter farther along the line. It really does not make much difference.

The Assistant Deputy Chairman: Shall vote 2c carry?

Mr. Barnett: I rise on a point of order, Mr. Chairman. In view of the matters which were being raised for discussion on this item at six o'clock, I ask Your Honour to permit the minister to answer briefly the relatively simple question asked by the hon. member for Winnipeg North. The minister appears to be in a fairly amiable mood. I think he must have had a restful week end. I am sure he is ready to answer that question which is related to the operations of his department.

Mr. Hellyer: I do not want to transgress the rules of the committee, but during the last discussion I had with the management of the railway, which was just a few weeks ago, I received information that no lay-offs were planned, and that the special retirement arrangements which have been made in the Canadian National will permit the railway to reduce its total labour force to the extent required at the present time. As I indicated to my hon. friend, that information is not current, but I have no reason to believe it is not accurate now. I would be glad to make further inquiries of the railroad.

Mr. Orlikow: May I ask one more question? Has the minister any information as to the

number of men that have been laid off since the large lay-off about which there were so many questions?

Mr. Hellyer: No, I do not have that information at my fingertips, I am sorry.

Mr. Orlikow: I do not want to hold up the estimates. Can the minister get that information in the next little while, as to the number of Canadian National employees who have been laid off since September 1, 1967? If the minister would agree to give me the information when he gets it, then I will be quite satisfied.

• (8:10 p.m.)

Mr. Hellyer: If my hon. friend would give me the time period in which he is interested, I would be glad to get the information for him.

Mr. Orlikow: September 1, 1967, Mr. Chairman.

Item agreed to.

3c. Reimbursement of the Department of Transport working capital advance for the value of stores which have become obsolete, unserviceable, lost or destroyed, $145,697.

Item agreed to.

Marine Services—

5c. Administration, operation and maintenance including authority, notwithstanding section 30 of the Financial Administration Act, to increase to $28,971,100 the commitments for the current fiscal year for the Canadian Coast Guard service, $792,100.

[*Translation*]

Mr. Grégoire: Mr. Chairman, item 5c allows us to deal with the administration and maintenance of aids to navigation. Of course, that includes winter navigation on the St. Lawrence and the Minister of Transport (Mr. Hellyer) is well aware of my long-standing interest in that problem.

One hundred years ago, fifty years ago and even twenty-five years ago, there was not so much talk about winter navigation on the St. Lawrence. The best winter ports were located along the Atlantic shore and winter navigation on the St. Lawrence was practically inexistant.

Thanks to modern technology in the field of transport, to new ship-building methods—including stronger hulls—to more powerful engines, to new methods of keeping the St. Lawrence open and with the help of Scandinavian countries and of Russia—Canada has not necessarily led the way in that regard—it was realized that winter navigation was possible as far as Quebec city, Trois-Rivières, Sorel and Montreal. Today however there is a problem: the government must change its attitude towards winter navigation. There are there different trends of thought on that point.

First of all, according to those who live in the eastern part of the country, in Halifax and Saint John, the representatives of the ports of the maritimes—and I understand their attitude—no step should be taken to develop winter navigation on the St. Lawrence and no icebreakers should be sent on the St. Lawrence so as not to harm the harbours of the maritimes. I understand their attitude, since that means something to the maritime provinces.

Secondly, there are those who say, as the former minister of transport put it a year or two ago: We will do no more and no less than what we are doing now in respect of winter navigation on the St. Lawrence. They are the ones in between, those who do not want to give an opinion, who want neither to delay not to promote winter navigation. In other words they are neutral.

Thirdly, there are those who ask the Minister of Transport to establish a clearly progressive policy in that field and to take the necessary means to open the St. Lawrence to winter navigation, up to Montreal. Thanks to our knowledge of navigation on the St. Lawrence, even during the most bitter cold weather, to the new developments in ship-building, the improvement of engines, the reinforcement of hulls, etc. I think it is possible for us today—not in 20 years from now, but today to facilitate very easily winter navigation on the St. Lawrence up to Montreal.

We already have ice-breakers, maybe not enough, but it it is up to the minister to adjust his policy. Studies should perhaps be carried out concerning certain details but the greater difficulties have been overcome. What we need now is not technical knowledge or means, but that the Minister of Transport should take a decision, because he knows that we can carry on winter navigation on the St. Lawrence. What we need now is a decision from the minister.

I admit that he is caught between two groups—that of the maritimes and that of Quebec, that is the ports along the St. Lawrence—but progress means opening up navigation as far as possible inland. Once

there is winter navigation up to Montreal, it will not be many years before there is navigation along the St. Lawrence seaway as far as Toronto, and then, the head of great lakes. Progress demands that the channels of communication be opened as far as possible.

The solution now lies in the decision the minister will reach. Is he willing to decide to keep the St. Lawrence open to winter navigation, not just so-so, or half way, but formally?

It will be remembered that last January, ships were trapped in the ice. Navigation was closed down for almost a month. Some will tell me that ice jams are caused by the cold but the real reason is that the minister who is responsible for keeping the channel open did not do so, when he should have.

Here is an article by an expert on winter navigation on the St. Lawrence, Mr. Denis Masse, the maritime correspondent for *La Presse* who wrote this on January 23 and I quote:

> In the city's shipping circles, it is said that the department could have prevented those ice jams by keeping the biggest and the most powerful ice-breaker in operation between Montreal and Quebec City. It is remembered that the d'*Iberville* was on patrol in the Saguenay and that the *John A. Macdonald* was in the gulf before the ice jams built up between Montreal and Quebec City.
>
> Past experience has shown also for quite some time that the ice jams which are never easy to break up build up in January. Although it is true that the ice jams formed earlier than usual this year, it remains that the situation should not have come as a surprise to anyone.
>
> As early as January 9, the air survey of the ice showed the possibility of ice jams in the narrow sections of the river. Then, what were the icebreakers doing that same day? The *John A. Macdonald* and the *Simon Fraser* stayed in Quebec City and the *Montcalm* alone went out for a routine trip. Shipping was at a standstill the next day.

Mr. Chairman, several of those ice-breakers have an helicopter on board. Last winter, before the famous ice jams which were responsible for the floods and the closing of the channel built up, the helicopter pilots from the ice-breakers had warned the authorities of the Department of Transport in Quebec city on January 7, 8 and 9, 1968, that ice jams were building up near the Quebec bridge and a little further upstream. Department of Transport authorities took no notice of that. Why? Because they were ordered not to prevent ice jams but to break them up after they have formed. The ice-breakers did not move, even if Department of Transport authorities in Quebec city were well aware, following reports made by the pilots of their helicopters which were watching the situation, that ice jams were forming at the Quebec bridge and upstream as far as Trois-Rivières—and that for three days. On the 9th, the day before the ice jams formed, despite the repeated warnings of the officials in the helicopters, two of the three ice-breakers in service at Quebec city remained alongside the wharf, and the third made only a routine trip, as reported by Mr. Denis Masse, maritime reporter for *La Presse*.

• (8:20 p.m.)

The mistake of the Department of Transport results from the order being given not to prevent ice-jams but to break them up after they have formed. If, as soon as the ice jams started building up, on January 6, 7, 8 and 9, the ice-breakers had begun their work, then the ice jams would not have formed and navigation on the St. Lawrence could have continued as usual in January. But after ice jams have formed, if there is a delay, whatever it is, they thicken; that is why on January 15 and 16, they had reached a thickness of 30 to 40 feet; ice-breakers in the maritimes had to be summoned then to help break them. But even if there were as many as 9 ice-breakers at a given time, due to the thickness of the ice, it took about ten days to break the jams, and navigation was closed for 26 days.

The main problem is not that the ice-breakers are unable to break the ice jams, but that they wait until the ice jams have built up and are too thick. Ice-breakers should be constantly kept in service, from the beginning of the winter, to prevent any accumulation of ice in the bends of the river and at the most narrow stretches. Today, with the equipment at its disposal, the Department of Transport can do it. But, since he is the authority in that field, the Minister of Transport will have to assume his responsibilities—a thing his predecessors avoided doing the past 8 or 9 years—and decide once for all that ice-breakers are not merely there to break up ice jams, but to prevent them. If ice-breakers were working continuously, 4 or 5 or them would be sufficient to prevent ice-jams from developing and the St. Lawrence could remain open up to Montreal all year round.

Mr. Chairman, it is as simple as that. All we need is a decision from the minister.

The minister told us this winter that he was studying the matter and that temporary islands were being tried in lac Saint-Pierre. But that is not the place where the worst ice

jams developed last year and, moreover, it is not because of these that navigation was closed for 26 days. It was due to the ice jams which developed between Quebec and Trois-Rivières, and the reason why the river between Quebec and Trois-Rivières was so solidly jammed up is that the ice-breakers had waited too long before starting to do their job.

I do not want to put the blame on the captains of the ice-breakers, for all they did was to obey the orders they received from the department, that is to say break the ice-jams when they have formed, and not prevent them when they are forming. In view, Mr. Chairman, the minister should now announce in person the clear and definite policy of his department. What decisions have been taken by the Department of Transport with respect to winter navigation on the St. Lawrence? Does the minister intend to maintain the status quo, as did his predecessor, Mr. Pickersgill, that is to say do nothing more and nothing less? Does the present Minister of Transport really intend to take the decisions that must be taken in order that the channel may be kept open all year round? And when I speak of taking the decisions that must be taken, Mr. Chairman, I do not mean adding a large number of ice-breakers to those now in existence.

The studies made by Professor Michel Brochu of the École des hautes études commerciales of Montreal have shown that there were enough ice-breakers now to maintain open navigation all year round, but on condition that they do their work and that they constantly be at the ready to prevent ice-jams. The department has all the equipment needed, especially since other ice-breakers are to be added to the number already at its disposal. One of them, the *Louis Saint-Laurent,* I think, is practically finished, and my colleague the hon. member for Trois-Rivières (Mr. Mongrain) tells me that another one, the *Tracy,* will also be put into operation soon. So that if two ice-breakers are added to those already in service, this will make an amply sufficient fleet, as long as the ships are put to work. But at the present time, they spend most of their time at the docks. This is just as costly, for when an ice-breaker is idle in its home port, it has to keep its engines running in order to maintain heat inside the vessel.

The quantity of oil burned to keep the engines running is just about the same as if the ice-breakers were operating. Moreover, a full-time crew has to be maintained aboard. The employees have to be fed, accommodated and so on. Keeping an ice-breaker in its home port costs just as much as letting it run between Quebec and Trois-Rivières, between Trois-Rivières and Sorel or between Sorel and Montreal. That would not increase the expenses.

What we are asking for is simply a decision on the part of the Department of Transport, to the effect that the river must be open the year round. Should such a decision be made, one captain and the crew members of those ice-breakers assure me that they are able to keep the channel open the year round. Let them be free to keep the channel open and they will feel in honour bound to keep it open all year round and see to it that it is never ice-bound.

Mr. Chairman, I have been told by captains and crew members of icebreakers that they would be able and happy to keep it open. But nowadays, they are not put to work. They are only instructed to leave their home port when ice-jams are already formed and their work is then much harder, because once ice-jams are formed, the ice thickens and it takes several days to break them up.

Therefore, I ask the Minister of Transport not to increase expenditures, as mentioned earlier, but to take a definite stand this evening with regard to that very important problem, not only for Quebec, because the minister, who is from Toronto, must be well aware that once it is demonstrated that the channel can be kept open as far as Montreal, and that will be possible as early as next year, the same efforts could be made in future years to keep the seaway open as far as Toronto. Then, Toronto will also benefit from it. The Minister of Transport should keep that in mind. Not only St. Lawrence ports, but also those along the seaway, and as far as the lakehead, will benefit from it.

What a asset it would be to have such an inland seaway reaching almost to the heart of the continent and serving its largest industrial cities.

• (8:30 p.m.)

Under the circumstances, Mr. Chairman, I think Canada should no longer oppose progress. If special maritime subsidies are required in order to help these towns develop according to their situation and natural resources, I have no objection. On the contrary, I am in favour of these subsidies. But I do not think areas along the St. Lawrence or the St. Lawrence seaway should be prevented from developing. There can only be progress if it exists in all regions.

In the light of these arguments, Mr. Chairman, I would ask the hon. Minister of Transport to tell us—and he must have expected this—what is the definite policy of the Department of Transport concerning the opening of the St. Lawrence river to year-round navigation? I hope the minister is able to give us an answer tonight, and I would like him to give it now.

Mr. Mongrain: Mr. Chairman, this afternoon I called the minister's attention to damage suffered in the Trois-Rivières area last winter due to floods resulting in fact from the ice-jams which the hon. member for Lapointe (Mr. Grégoire) mentioned earlier and which were quite unusual, I admit.

The minister gave me an answer and I appreciate it, but I must tell him that I cannot accept it as it is and for very good reasons.

The minister offered to send me the report he mentioned. I have received it from his department and I thank him for it.

I read it very attentively several times. Unfortunately, I find many weak spots in it. First of all, I see that it was prepared by his officials who seem to hold the injured parties responsible for the negligence I deplored this afternoon—and for which I asked the government to pay compensation. Therefore, this should be an unsatisfactory report which should be revised by disinterested people outside the department.

Second, if, as the hon. member for Lapointe has been saying for years every time he criticizes the government for not keeping the St. Lawrence open in wintertime as it should, the government is really doing all it can, if it has the necessary equipment and assumes the responsibility for preventing ice-jams, then the government also has the moral obligation to compensate those who have suffered from the fact that winter navigation has not been possible at all times.

There is talk of acts of God which are not the responsibility of the government. I realize that the government can do nothing to prevent an earthquake, for example. I understand that if a hurricane destroys a section of a city or part of a county, or if there is a great tidal wave, there is nothing the government can do. I understand also—if that is true—that the government has everything it needs to maintain navigation on the St. Lawrence, to prevent ice-jams. Let them assume their responsibilities and if they are unable to do so, let them compensate people who invested large amounts along the St. Lawrence because they were told that there would be no more floods as there used to be 75 or 100 years ago, since the government was keeping the St. Lawrence open.

I do not agree with the hon. member for Lapointe when he says that the responsible people, like ship captains and area superintendents may not be at fault since they await orders. I cannot believe that it is proof of intelligence to interpret the department's orders so strictly as to wait until ice-jams are so thick that there is no way to break them. It strikes me that a most obtuse interpretation is given to the instructions of the department when he says that the icebreakers are there to prevent ice-jams from forming. There, as in other fields, the best defense is still attack. If the instructions of the department are poorly interpreted, it is up to the department to clarify them.

And now, I come back to the policy I asked the hon. minister, this afternoon, to kindly adopt, because I maintain it is the responsibility of the government to offer compensation, at least to some extent and in some serious cases. I maintain that the report the hon. minister mentioned a while ago is incomplete, inaccurate, and even tendencious. I should not want to embarrass him during his present campaign, which is important, but I warn him, as courteously as possible, that if he comes out victorious in his campaign—and even if he is still Minister of Transports—I shall go knocking at his door to refute some of the allegations contained in that report.

I will also go and knock on his door so that the people who have been so seriously wronged as a result of what I call neglect or lack of intelligence on the part of those who were supposed to interpret the instructions of the department, may get a compensation. Besides, if it is more serious than that, if the department was not clear enough in its explanations, then we shall know, because it must be written somewhere. But I say that a basic justice is required. Some poor people have been the victims of serious damage and, under the circumstances, it is the responsibility of the government to give them a compensation to a certain extent, or at least to study objectively the merits of their claims, in order to see whether or not they are justified.

Once again, I am sorry, but I cannot accept the answer given by the hon. minister. I shall not press the point any further tonight, because I should like to give him the opportunity to carry on his campaign in all peace of mind. But I warn him that as soon as it is

all over, I shall make a fresh effort, and I will not be the only member to do so, because we already had the opportunity to talk about this and to examine closely the claims which have been presented.

[*English*]

Mr. Barnett: I can agree with the hon. member for Trois-Rivières that, in case the minister should one day find himself in another position, this may be a good opportunity to remind him of the unfinished business he has in front of him in his present capacity. One of the matters which I note comes under this item is the operation and maintenance of the Canadian Coast Guard service.

I want to remind the hon. gentleman that this is a matter of great concern on the west coast of Canada as a result of the announced intention to delay the construction of certain larger coast guard vessels. Many people had been looking forward to seeing these vessels in operation at a relatively early date. I am sure the minister has by now become fully aware of the generally accepted view on the Pacific coast, that while the present type may be suitable for some purposes they are not adequate to deal with the conditions which can be expected from time to time in the open Pacific.

When it was announced that plans were in preparation to develop larger and more adequate vessels for this work, a great deal of pleasure was expressed by those affected. Some of my hon. friends from areas where many people earn their livelihoods directly or indirectly from shipbuilding have, quite properly, sought occasions in this house to draw attention to the effect the delay in this construction program is having upon employment in those areas.

• (8:40 p.m.)

I, as a member representing a constituency where coast guard services are a very necessary item, have tended to look at the matter from the other end of the picture, keeping in mind the need and requirement for improved facilities. The two things go together so far as I am concerned. Nonetheless I think that when we talk about our shipbuilding industry we have to keep in mind that ships, if they are going to be built, should be built to serve a useful and necessary purpose, and it is from this point of view that I want to make my representations to the minister.

I have been looking at the general pattern as I see it, and while I am concerned with the kind of announcement made in the house some time ago by the President of the Treasury Board, when he singled out these two particular items, two new ships on the west coast, as an example of things being pruned from the proposed spending estimates of various government departments, I see a development arising from that announcement.

If I read the picture correctly from the estimates as they have been presented to the house from time to time, this announcement by the President of the Treasury Board simply appears to be an accentuation of an already existing trend, because under the item of marine services for the construction and acquisition of buildings, works, land, vessels and other equipment, we find in the main estimates for 1966-67 the sum of $51,507,300 was allocated. In the main estimates for the current fiscal year we find the sum is $50,387,700, which is a drop of $1,119,600 in round figures from the previous fiscal year; and if we turn to the more recently tabled estimates forecasting the future we find that the figure for 1968-69 is $48,328,000, which is a further decline of $2,059,700 from the estimates for the current fiscal year.

There is no provision in these supplementary estimates for any expenditure under this particular heading, and so we find that in a period extending over three fiscal years there is a drop of over $3 million in this particular area of government spending. Yet at the same time we recognize a growing and increasingly urgent need for the provision of such facilities as were proposed in the construction of these larger coast vessels.

I think the minister owes the committee some explanation of what is happening in the marine services operation of his department. Are we starting on a trend that is going to take us steadily downhill in the provision of this kind of service? I do not know whether the minister has the particulars before him tonight, but I would remind him that, in addition to the proposal for larger coast guard vessels his predecessor in office informed me, by correspondence, of plans and proposals which the department had under consideration for the establishment of additional life boat stations on the west coast of Vancouver island, as well as on the northeast coast in the Queen Charlotte strait area. At that time I was hopeful that at last we were going to have developed a really adequate system of coast guard coverage by the

provision of larger vessels and by the provision of these useful life boat stations in areas along the west coast where previously we had no such services.

The proposal respecting life boat stations was that in addition to the existing stations of Tofino and Bamfield along that coast of Vancouver island, which at one time was known as the graveyard of the Pacific, there would be established two additional life guard stations. I had argued for the establishment of three additional stations, but it was suggested to me that for the time being there should be one established somewhere south of cape Cook and another one somewhere north of cape Cook, and I was told that investigations were going on to determine the exact locations of these stations. It was also suggested that there was a requirement for this kind of facility in the Queen Charlotte strait area off the northeast coast of Vancouver island.

In examining the total spending program of the department I realize that this is a nationwide program, and that certain sections of the program may have been completed in other parts of the country. But when we are faced with the kind of announcement that was made by the President of the Treasury Board last November, one begins to wonder whether the Department of Transport, in the over-all spending planning of the government, is being permanently bled of the necessary funds to improve the efficiency of services that many Canadians feel are a proper responsibility of the government.

I would like the minister to give us some indication of where we are heading, with particular reference to the expansion of the coast guard service through the provision of these very necessary larger vessels on the west coast and, if he has the information available, I would like to know what is happening with regard to the planning of the additional life boat stations I have mentioned.

Mr. Cowan: Mr. Chairman, if the minister is not going to answer the hon. member for Comox-Alberni I would like to refer to a matter in his department that is of more than passing interest to the people of York-Humber, and to British Columbia as well. Since we last discussed estimates concerning water navigation I have been informed, by reading a letter to a private individual in York-Humber, that the administration of the Navigable Waters Protection Act has been transferred from the Department of Public Works to the Department of Transport. I want to congratulate Canada on this move because I believe that now this act will be enforced with the proper intention under the Minister of Transport, something which it has not been for the past several years under the Minister of Public Works.

My interest in the Navigable Waters Protection Act has to do with the illegal filling of navigable waters and with the inaction of the cabinet in enforcing the regulations. I now believe that under the Department of Transport we will get action on this matter in Toronto, and may I say that I believe the same situation is developing in British Columbia.

I am not a lawyer and I know that the Minister of Transport is not a lawyer. But the Minister of Public Works is, and in the past, when I raised objection to the fact that the provisions of the Navigable Waters Protection Act were not being enforced, I was given learned lectures by the Minister of Public Works as to what is legal and what is not legal. Mr. Chairman, I have had better lectures from better lawyers, including my brother-in-law, who for many years was deputy attorney general of Ontario, and who has forgotten more about that act than the Minister of Public Works will ever know.

The reason I refer to this act now is because of the lessons that the Minister of Public Works endeavoured to give me, a mere layman. He drew my attention to the legal nicety that the beds of rivers and the beds of lakes are in the jurisdiction of the provinces, and that the beds of the lakes and the beds of the rivers being in the jurisdiction of the provinces, when the provinces granted a patent on a water lot the federal government had no authority over such lots —which is 100 per cent wrong, but that was the lecture.

• (8:50 p.m.)

This is interesting, because in the borough of Etobicoke it is possible for real estate developers to pour all the land they want on to water lots in lake Ontario,—as the Minister of Public Works says, because he does not enforce the Navigable Waters Protection Act. Precedents are being established for the province of British Columbia, which may in time bring tears to the eyes of the federal government. In the last few months we have had a statement from the Supreme Court of Canada, after a reference from the federal government to the Supreme Court concerning whether or not offshore mineral rights belong to the federal government or the province.

Certainly it was a victory for the federal government when the Supreme Court ruled that the mineral rights off our shores belong to the federal government and not to the province of British Columbia.

If the province of British Columbia will take the lesson the Minister of Public Works has been giving me for nothing they will realize that all they have to do, since they have control over the water lots and the beds of the coastal waters, is issue patented water lots to themselves, and then they can fill in the patented water lots as far out as they want and start to mine because, according to the Minister of Public Works, the beds of a lake and of coastal waters belong to the province, and they can issue patented lots. They can go as far out as the sovereignty of the province extends. Now we have the Roberts Bank proposition in British Columbia, where the premier of British Columbia wishes to develop a port. Normally this would be considered to be under the jurisdiction of the federal government under the Navigable Waters Protection Act, but Wacky Bennett can go ahead and give himself all the land he wants off the coast of British Columbia, if he grants water lots to himself.

Very dangerous precedents are being set up by the federal government in not enforcing the Navigable Waters Protection Act in the borough of Etobicoke, in the riding I represent. The Minister of Transport is a Toronto man. He knows Toronto well and I believe he knows the waterfront well. Surely with an able man like the Minister of Transport we will be able to have a halt placed on the illegal filling of lake Ontario. Someone may say that this is a small matter involving York-Humber. It is not a small matter when it establishes a precedent for off-shore mineral rights. If a province wishes to provide patented water lots to themselves and then mine them, what is to stop them? Or if the province of British Columbia wishes to build a great harbour off the coast of British Columbia south of Vancouver, they need only to grant themselves patented water lots and then they would have control because the Minister of Public Works did not enforce the Navigable Waters Protection Act when it was in his jurisdiction. Patented lots come within provincial jurisdiction and the province can grant these to themselves.

I would ask the Minister of Transport to please consider enforcing the Navigable Waters Protection Act by declaring as national park land the illegal land that has been filled in on the north shore of lake Ontario in the borough of Etobicoke in metropolitan Toronto. This land is worth anywhere from $800,000 to $1 million an acre. If we have an uncooperative cabinet minister who is not going to enforce the Navigable Waters Protection Act, then we will soon have a lot of land in the heart of metropolitan Toronto worth $1 million an acre. If the cabinet is not willing to enforce the Navigable Waters Protection Act under the Minister of Public Works I believe the Minister of Transport will enforce it. If the cabinet is unwilling to enforce the act in the borough of Etobicoke, surely they can realize the danger of the precedent they are setting because lake Ontario is an international body of water.

There are dangerous precedents being established which I believe will only be avoided if the Department of Transport will start to enforce this act and see that the illegal fill that has been placed on the north shore of lake Ontario between the Humber river and Etobicoke creek, is declared to be national park land. By so declaring it they would stop the land developers putting acreage into the public waters of lake Ontario. I ask that the Minister of Transport give this his early consideration, after the leadership competition has been decided, and that he pay a visit to Toronto. I know where to look and I would be glad to accompany him along the lake shore of York-Humber and the section between there and Etobicoke creek.

Mr. Schreyer: Mr. Chairman, may I ask the hon. member for York-Humber whether many of these patented water lots which have been filled in have had commercial development on them.

Mr. Cowan: In answer to the hon. member for Springfield may I say that in the five years I have been talking about the patented water lots and casting aspersions on their title no one has as yet dared to proceed with commercial development on them. I will not live forever, although I presume I might be re-elected. However, the Minister of Transport, being a young man and a healthy specimen I would hope will survive me and would do something about this. He is engaged in a scrap right now. If he does not come out the winner, at least the others will know they have been in a fight.

While I am on my feet there is another matter which may not exactly come under the heading of vote 5c. It is, however, a matter which I should like to bring to the attention

of the minister. I have in my hand a letter from the Bell Telephone Company of Canada written and signed by a vice president. During the last several months, each month I have been receiving a bill from the Bell Telephone Company of Canada which has been quite amusing to me. It is the only type of bill—I have received five—I have ever received that shows me owing zero.

I was interested when I received a bill from the Bell Telephone Company with five cents postage on it stating that I owed nothing. It came from Montreal. The following month I got a bill showing I owed nothing and there was postage on the envelope. Then I had a third, a fourth and a fifth. The fourth one came with a four cent stamp and I have referred the matter to the Postmaster General. He is looking into it. I wrote to the Bell Telephone Company asking why they send invoices to people who do not owe anything. When I was in active business we saved our money by not sending out bills to people who did not owe us anything. I have a letter here signed by a vice president. The minister will be interested in this paragraph:

> When this machine method of government irregular billing was arranged with the Administrative Telecommunications Agency of the Department of Transport it was mutually agreed that "nil" accounts would be rendered to inform members monthly that no long distance calls were made and that there was no balance outstanding.

I should like to ask the minister whether the administrative telecommunications agency of the Department of Transport has such a low opinion of the mental processes of the members of parliament that it feels they must be notified each month that they do not owe an account, so that they will be able to discover that they do not owe an account.

• (9:00 p.m.)

Of all the things I have read, this is certainly one of the most entertaining I have seen for a long time. It states:

> —it was mutually agreed that "nil" accounts would be rendered to inform members monthly that no long distance calls were made and that there was no balance outstanding.

I don't know why the Chateau Champlain in Montreal, the Nova Scotian hotel in Halifax or the Fort Garry hotel in Winnipeg do not write me monthly to tell me that I do not owe them anything. There are certainly enough people who write when one does owe something. In any event the Department of Transport has asked the Bell Telephone Company to send out an account each month to 265 members of parliament to inform them that no long distance calls were made and that there is no account outstanding. This seems to me to border on the ridiculous. Surely this can be corrected.

Mr. Hellyer: Before this vote carries, Mr. Chairman, I should like to say that so far as the question about fill is concerned, I will be glad to look into this matter. I remember hearing about this at an earlier stage when my hon. friend raised the matter.

I really cannot say why nil accounts are rendered by the telephone company, but I shall try to determine whether there is any reason for this, other than what my hon. friend has suggested.

Having regard to the question raised by the hon. member for Comox-Alberni, if he looks at page 514 of the estimates for 1968-69 he will find that although the amount being voted is reduced from $52.9 million to $50.4 million for marine services, in the text of the vote the amount given is $60,524,900. This shows a very substantial increase of about $10 million over the previous year. The reason for this seeming discrepancy is related to the difference in accounting method. The $50 million required for 1968-69 is the net figure after deducting revenues collected for services rendered, whereas the previous figure of $52 million was a gross figure. The amount of money being provided is substantially increased.

The hon. member also asks about life boats, and I am pleased to inform him that the life boat program is continuing, but the location of the stations has not yet been finally settled.

Mr. Barnett: While the minister is on this coast guard question regarding the west coast, perhaps he could say something about plans for larger coast guard vessels?

Mr. Hellyer: There is no immediate plan for the restoration of the program for larger boats. As my hon. friend knows, this was cut because of the necessity to effect economies. I think he is in agreement with us, that economies have to be made. As a matter of fact, I believe he was one of the members who voted against the recent increase in taxes, so he must have thought at that time that some reduction in expenditures was highly desirable. He will have to at least share the responsibility with other members of this house for the elimination of this program. You just cannot have it both ways. You cannot have more marine services, and less expenditures with consequently lower taxes. Things just do not

work that way, and I am sure the hon. member would be the first to admit that.

Mr. Barnett: Does the minister not recall that the proposed tax increase and the cut in respect of coast guard vessels were announced simultaneously, or in close sequence, by the government? How can he suggest that my vote against the tax proposal was a vote against larger coast guard vessels?

Mr. Hellyer: I do not think the hon. member can accept responsibility for one and avoid responsibility for the other. If he is going to have a reduction in expenditures, then cuts have to be made somewhere. This was one of the items which had to be cut. I know my hon. friend regrets this, as much as many other people, but there was not sufficient money available to provide all the services demanded in all parts of the country.

Mr. Barnett: Why don't you ask me to support a tax measure which would provide for construction of vessels, and see what happens?

Mr. Hellyer: If my hon. friend would agree to vote for the next tax measure, perhaps this would reinforce his suggestion that we should provide additional services.

Having regard to the question of navigation on the St. Lawrence, I think if my friend will refer back to an earlier discussion in the house he will discover that I indicated it was the policy of the government to keep the river open from the beginning of freeze-up. There is no policy to wait; rather the directive is to open the channel at the earliest possible date and keep it open in so far as is possible during the winter, to allow the ice to flow out to sea. It was also pointed out that it is better from a mechanical standpoint not to start this until an ice cover forms. If you break up the ice too soon, a lot of needle ice forms. This is likely to increase jamming, making it more difficult to keep the channel open. I have looked at this situation and cannot find any discrepancies in the information given me by my departmental officials. If hon. members have some information which I do not have, then I would be pleased to look at it. If I find the information to be sound I will ask for another investigation. In the meantime I cannot see that an investigation involving a further expenditure of public funds is warranted. I cannot do this just on the basis of hearsay.

Mr. Barnett: Mr. Chairman, there is one other matter about which I should like to question the minister. He will recall that from time to time I have raised questions regarding action flowing from the report on small vessels harbour administration presented to the department by Dr. Tom How. On the most recent occasion when I asked the minister about this report he indicated he would consider the idea of making at least part of that report public. I am sure the minister is as aware as I am of the great desire on the part of commercial fishermen and others on the west coast that there be some early conclusion to the present unsatisfactory state of affairs as far as administration of small vessels harbours is concerned, with particular reference to the present method of levying side wharfage charges.

The minister is probably aware that there exists what one might almost describe as a state of incipient revolution on the part of commercial fishermen and others in this connection. This is certainly true in areas of my constituency, and from what I read in the press it is true in the large centres of the neighbouring constituency of Coast-Capilano. I would be very surprised if the minister has not heard something about this from his colleague, the hon. member for Coast-Capilano. While there is a great deal of unhappiness about this, there is also a genuine desire not only on the part of vessel owners but also on the part of local administrative bodies, such as town councils, to assist in finding a constructive solution to what is readily agreed to be an unsatisfactory situation at this time.

• (9:10 p.m.)

I think it would be useful if the minister could expand somewhat on the statements he has made very briefly in reply to questions raised on orders of the day. If he could give us some indication as to what the department has in mind, or at least in what general direction it is thinking of moving, I think this would serve to give some hope to those who are faced with an unhappy situation in the coming year that perhaps things will get better in the near future. What can the minister tell us at this point about the progress that is being made, and in particular what information on this whole question can he make public now, because until now he has not been prepared to do so?

Mr. Hellyer: As my hon. friend knows, this is a very complex subject on which there is a very thorough report. There are a number of recommendations involving substantial expenditures. I know from my hon. friend's action earlier that he does not wish to propose any

additional expenditures at this time. Therefore he will realize that any further works, regardless of how desirable they may be, will have to be postponed, at least temporarily.

I have given some consideration to publishing part of the report, and I still have this under consideration. However, it is the feeling of some of my officials at least that it would require a very large amount of work, and that the results would not justify the expenditure involved. However, at the moment this is not a closed matter. It is being considered interdepartmentally, and I hope to receive some recommendations within a few months on which a policy could be based, assuming that revenues were available at some future time in order to implement policy changes which might be adopted by the government.

Mr. Barnett: The minister keeps harping on revenues being available. I think perhaps in return I should remind him that while there are situations when additional revenues are required, there are also situations when better use could be made of existing revenue. I do not have detailed figures before me, but I think if he looks back he will find that either my colleague, the hon. member for Skeena, or I took pains to put on the record the situation about revenues from mortgage charges accruing at the present time. If my memory serves me correctly, under the present system something like 80 per cent or 90 per cent of the total revenue collected is spent in the cost of collecting it. I suggest to the minister that this is not a very effective or efficient way of collecting revenue, and that it has been argued in this connection that it would be far better to have a system whereby the revenue collected could be put to some more useful purpose than simply to allow it to go into the pocket of the man who collects it.

Not only ministers of the crown are concerned about the effective use of collected money. I am being constantly surprised by the great concern of a great many ordinary citizens about matters of this kind. One of the key points worrying a lot of people is the very wasteful and inefficient method of carrying on this particular aspect of government service at the present time. I am hopeful that, while it may require some extra revenues, a more efficient arrangement would largely offset the revenues expended if the moneys paid by the users of the facility were put to some useful service. If the stated policy of his predecessor is the correct one, and if this is the policy base on which the present minister is planning to go forward—and he has given no indication of any alteration of this basic approach from that which was announced by his predecessor, particularly when the transportation bill was before us—then I suggest that not all of what is involved will require an additional vote of money, but rather a more effective use of revenues which may accrue from the operations themselves.

Mr. Hellyer: Mr. Chairman, I found this suggestion of my hon. friend sufficiently attractive to have passed it along for consideration. I think it is worth looking at.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I notice that the Minister of Transport (Mr. Hellyer) has replied to several questions that were put to him. Perhaps he could tell me whether he intends to reveal the policy of his department with regard to winter navigation?

[*English*]

Mr. Hellyer: Mr. Chairman, I answered that question a moment ago. I pointed out to my hon. friend that if he would go back to *Hansard* he would find that I said it was the policy of the department to keep the channel open from the very beginning of the freeze up.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to ask the hon. Minister of Transport, since his department's policy is to keep the channel open during the winter months, whether he also intends to make the ice-breakers available to shipping, namely whether the ice-breakers will be there to help the ships that need them. Will the ice-breakers be on the spot to make sure that there is always an open channel? Will they also be given the responsibility of helping navigation?

[*English*]

Mr. Hellyer: As I have explained to my hon. friend on numerous occasions, when the channel is kept open it is made available for ships to use which have the proper reinforcement and which are strong enough to operate under ice conditions. Of course they still run some risk because under extreme conditions, such as those we sometimes encountered last winter, it is just impossible to keep the channel open by any means whatever.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to direct another question to the hon. minister.

Could he also tell us whether the buoys and other signaling devices in the channel will be maintained? If the channel is to be kept open to shipping, at least up to Montreal, will the hon. minister maintain the buoys system all along the channel up to Montreal?

Before the hon. minister rises to give me an answer, I should like to ask him whether his department sent this year and intends to send next year a notice to all ships venturing into the harbour entrance to the effect that they are proceeding at their own risk and that the ice-breakers will not be there to help them or, on the contrary, whether the department and the icebreakers will do their best in order to facilitate navigation? We know that, in past years, notice was given to the effect that the channel was closed and that those who ventured there did so at their own risk. The notice also mentioned that ice-breakers were not there to help navigation.

Will the situation change in the years to come, now that the channel will be open and since it is the policy of the department beginning this year?

[*English*]

Mr. Hellyer: Mr. Chairman, I will take this question as notice and perhaps reply to it when my main estimates are being considered. I think there is a certain amount of risk involved in winter navigation on the river, and there always will be, regardless of the fact that icebreakers are available to the channel, which make it possible for ships to operate when conditions permit. It must be taken into account that this river is subject to extreme conditions from time to time, when there is no guarantee that, even with the best use of existing icebreaking facilities, they would be adequate to meet the needs of shipping at all times. There are some limitations imposed under extreme conditions such as those we had this year.

• (9:20 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Chairman, I do not intend to delay the debate, because, I realize that the minister has set his heart on it; I merely want to obtain additional information on my previous question.

The minister tells me that when he will take the matter under consideration, he will study the possibility of the altering the old notice given in remote posts on the St. Lawrence, to the boats venturing in the St. Lawrence and stating that they were doing so at their own risk. I admit that there was a certain risk, because it was colder than in the summer.

But the notice appearing in the light-houses and wireless beacons at the entrance of the St. Lawrence mentioned that the icebreakers were not there to help ships, but only to prevent floods and that ships could not rely on the assistance of ice-breakers.

Does that part of the notice which, according to the maritime insurance companies, was responsible for increasing drastically the cost of maritime insurances, will be changed to say that ice-breakers will help ships which enter the St. Lawrence, that is to say that they still will venture at their own risks, but at least they will get help from ice-breakers.

The difference between what I am asking the minister and the previous situation is clear. Would the minister give me an answer in this respect?

[*English*]

The Chairman: Shall vote 5c carry?

[*Translation*]

Mr. Grégoire: Mr. Chairman, I would have another question about a different subject—

Mr. Alkenbrack: Poor Canada!

Mr. Grégoire: —I know that it is during consideration of the estimates of the Department of Transport, that one must deal with those problems.

As regards pleasure craft, Mr. Chairman, I may have a few things to point out to the minister, for I am especially interested in that problem.

Here is the first. I once had the opportunity of travelling by water from Ottawa to Chicoutimi. It is a very nice trip; the St. Lawrence is magnificent and, the Saguenay tremendous: it is one of the most beautiful rivers in the world, and I strongly recommend the trip to those who have never sailed up the Saguenay. It is a most tremendous place! The Ottawa river, from Ottawa to Montreal, is also tremendous—except for the St. Lawrence seaway locks, about which I would like to say a few words later on.

But from Montreal to Quebec city, it is all very smooth sailing. It is true that when the wind drives billows on Lake St. Pierre, it is a bit rough, but just the same, a good pilot will take you through.

However, when you get beyond the island of Orleans, sometimes up to Tadoussac, the river is quite agitated and things are a little

hard for pleasure craft. At any rate, those who take the risk consider themselves pretty good sailors and feel they have a rather good craft. Indeed, I took the risk myself, Mr. Chairman.

However, there are some things which could be improved. For example, boats leaving Quebec for Chicoutimi, before entering the Saguenay, have to make a detour towards what is known as the "spinning top". I see the hon. member for Saguenay (Mr. Blouin) knows what I am talking about. It is a lighthouse five miles off-shore, at Tadoussac, warning boats to keep away from the coast because of rocks and sandbanks over a distance of about 3 or 4 miles, which force them to make a detour some 5 miles off the coast.

From Quebec and even from Montreal up to around La Malbaie and even further, up to Cap-à-l'Aigle, there are signposts, luminous buoys and lighthouses which show the way very clearly. But approximately ten miles before reaching the mouth of the Saguenay river, ten miles before reaching the "top", there are no longer any buoys, beacons or signals. Now, if it is the least bit foggy and it is necessary to bear off from the shore, then I know of many captains of small pleasure-boats who, like myself, had to look for a long time—if the visibility is not more than three or four miles—for that famous "top", even though it stands out very high over the water. It can become dangerous, and the boat can be driven off its course, precisely because one has to steer clear of the shore.

Could the minister take this matter under consideration and have the required study conducted in order to add two or three light buoys perhaps which would show us the way to that large beacon located at the entrance of the Saguenay river? I can tell him that many skippers or owners of pleasure craft find it difficult in foggy or rainy weather or in a storm to find that famous light house which is linked to the bottom of the sea, strongly anchored and in fact, which stays there permanently.

The minister might consider that request to add two or three light buoys to help the pleasure craft which want to reach the Saguenay.

Still about pleasure craft, I know that sailing them has become one of the most popular sports or hobbies, and is attracting more and more people. We have become aware lately—I spoke earlier of the journey between Ottawa and Montreal or Quebec city—that there is something which is lagging and which renders the pleasure navigation very unpleasant. When we leave the Ottawa river come into Lake St. Louis to enter the St. Lawrence, we have to cross two locks in the St. Lawrence seaway.

I did that journey many times. The lock staff is very nice and give assistance to pleasure boats. Of course, when there are 75, 80 or 100 pleasure boats in a lock, and 15 million gallons of water are turned out of the lock to enable the boats to get at a lower or higher level, the water eddies heavily. But, the personnel at the lock-gate is very kind and co-operate fully with those pleasure-boats. It happens however that the pleasure-boats are not the only ones to use the seaway. There are also—and it was mainly for them that it was built—ships from the Great Lakes, from Toronto going to Montreal, to Quebec, to the open sea or still further. It is obvious that those ships, without having priority, will go through before a simple pleasure-boat, as the personnel at the lock-gates will wait until there are many pleasure-boats to let them go through. That means that going through those two lock-gates may take sometimes six or eight hours. On the other hand when a whole party of pleasure-boats comes in at the same time, then they have precedence if their coming was made known beforehand, and the crossing will be a matter of a couple of hours.

But, there would be a way to cope with that. Before the building of the St. Lawrence seaway, there was the Lachine canal that enabled boats to go from Lake St. Louis to the St. Lawrence river. The Lachine canal is still there. It may not be able to absorb the shipping from the great lakes, but it could be used for the pleasure boats. It would be an attraction for the city of Montreal to see all those small pleasure boats use the Lachine canal to pass from the Ottawa river to the St. Lawrence river.

• (9:30 p.m.)

I wonder if the minister could not take this problem into consideration. I am not asking him to give me an answer tonight because he probably does not have all the data at hand, but he could have an investigation made which might prove advisable to keep the Lachine canal in use for the pleasure boats which will become increasingly numerous. It is a holiday activity which will develop as rapidly as all the others. Might it not be timely to make the necessary survey before the Lachine canal is completely blocked and we then have to get it back in working order

for the owners of pleasure boats who might want to use it?

I therefore hope that the hon. minister will be willing to take this into consideration, because it might prove useful to a large part of the population. Some come from Ontario, from the great lakes, there are some from Quebec that go to Ontario and it would encourage the movement of small boats.

I therefore ask the hon. minister to take the matter into consideration, to have a study made of it and perhaps, when his next estimates come up, he can give me an answer on the problem I have just brought up.

[*English*]

Mr. Cowan: Mr. Chairman, we are engaged on a study of the supplementary estimates of the Department of Transport. I do not expect to be here tomorrow and I am not sure whether we will reach vote 75c tonight. Therefore I should like to ask some questions on that vote, which deals with a payment to the National Harbours Board to be applied in payment of the deficit expected to be incurred in the calendar year 1967 in the operation of the Jacques Cartier bridge, Montreal harbour. Tomorrow night I am speaking in Toronto on the subject of civic financing, when I shall be comparing the civic financing of Toronto and the civic financing of Montreal.

I have in my hand the report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1967. At page 178 you will find this paragraph—

The Chairman: Order. Is the hon. member now referring to vote 75c?

Mr. Cowan: Yes. Mr. Chairman.

The Chairman: In order for the hon. member to proceed with a discussion of that vote it would be necessary to stand vote 5c by unanimous consent and then get unanimous consent of the committee to proceed to vote 75c.

Mr. Hellyer: Mr. Chairman, I think we might carry the other items. This would put us in the position which would seem to meet the pleasure of the house.

Mr. Schreyer: Mr. Chairman, I agree to passing 5c but I want to make some comments on 15c.

Item agreed to.

[Mr. Grégoire.]

Railways and Steamships—

15c. Payments to the Canadian National Railway Company (hereinafter called the Company) upon applications approved by the Minister of Transport made by the Company to the Minister of Finance, to be applied by the Company in payment of the deficits, certified by the auditors of the Company, arising in the operations in the calendar year 1967 in respect of the following:

(i) Canadian National Railway system (subject to recovery therefrom of accountable advances made to the Company from the Consolidated Revenue Fund)

(ii) Ferry Services:

Newfoundland Ferry and Terminals;

Prince Edward Island Ferry and Terminals and Yarmouth, N.S.-Bar Harbour, Maine, U.S.A., $21,245,100.

Mr. Schreyer: Mr. Chairman, on this item—

Mr. Nowlan: Mr. Chairman, no one on this side has spoken this evening.

The Chairman: I understand the comment made by the hon. member for Digby-Annapolis-Kings, but I point out to him that the hon. member for Springfield had already given notice that he wished to refer to this item. I will see the hon. member later.

Mr. Schreyer: Mr. Chairman, this vote provides for the allocation of $21 million to the Canadian National Railway Company. I think this is the appropriate stage to ask the Minister of Transport whether he has yet come to any decision on the requests that have been relayed to him by myself, by some Senators, by the hon. member for Kenora-Rainy River and others asking him to study the allegations of a number of contractors involved in the construction of the Great Slave Lake railway. These contracting firms allege that the C.N.R. enforced the terms of the contract in a most unfair and onerous way.

It is over a year now since a request for an investigation into these allegations was made of the minister's predecessor. I note that on February 16 last an hon. senator was in communication with the present Minister of Transport, as was the hon. member for Kenora-Rainy River, asking that he refer the subject matter of the allegations of unfair treatment by the C.N.R. either to a Commons committee or to co-operate in having them reviewed and investigated by a Senate committee. Before I say any more, Mr. Chairman, I should like to ask the minister whether he will indicate if he has made a decision about these requests.

Mr. Hellyer: Mr. Chairman, I have not yet come to a conclusion on this matter. I hope to

do so soon, but it may not be possible during the next two weeks.

Mr. Nowlan: Mr. Chairman, I thought there was some interest on the part of hon. members to pass these estimates tonight.

Some hon. Members: Hear, hear.

Mr. Nowlan: I thank my hon. friends across the way for giving me a send-off. Perhaps I will have to delay the estimates, because they were too loud. I did make an impulsive comment, Mr. Chairman, but no real reflection was intended on the Chair. I merely wanted to be recognized. I did want the committee to know that since eight o'clock tonight no member of Her Majesty's Loyal Opposition had spoken on the estimates.

I do not intend to speak on any policy matter involved in the estimates; I merely want to ask one question about a specific project, the Digby-Saint John ferry. In order to expedite this matter would the minister undertake to make a statement about the present progress of the negotiations between the C.P.R. and the government? I realize the minister may not be able to do so tonight, but perhaps he would by the end of the week. We may not be here all week, but I would ask him to make his statement before he moves on to other pastures; and wherever he goes I wish him well.

I realize this matter may not interest members from the west, but certainly we in the east do not want to have to go through another mutation process, or a change of ministry, to find out how far the negotiations between the railway and the government have progressed. I am not going to blackmail the minister about this; we have had enough blackmail in this house during the past three or four days.

This project has been kicking around for some 20 years. I have before me some 23 extracts from *Hansard* on the matter, starting with the leader of the opposition in Nova Scotia, Mr. Regan—a former member for Halifax in this house. The minister's predecessor did admit that this ferry was an integral part of the transportation system of Canada.

It seems that every time we reach a certain point of agreement between the government and the C.P.R. an election occurs or there is a change in ministry, and this means a delay while the new minister acquaints himself with the background. However, would the minister make a clear and concise statement explaining where the negotiations have got to and what the present objections are. If he cannot make such a statement I will have to put some blunt questions to him.

I appreciate that negotiations are sometimes sensitive and delicate. However, it is time that the minister took the people of eastern Canada into his confidence. I understand from the clippings I have read of his speeches that the minister is espousing the new politics of the land by being frank and realistic. What I should like to know is how the negotiations are affected, if the company is taking one position and the government another. If the minister can answer that question I will say nothing more. In any event, I should like to ask a couple of questions later.

• (9:40 p.m.)

Mr. Hellyer: Mr. Chairman, my hon. friend has asked if I would undertake to make a statement within the next few days. My reply to that is that I should like to, but I am not in a position to guarantee that I shall be able to.

Negotiations have been going on for some time. They have reached the stage where only two points remain to be worked out. One of them, I am confident, can be worked out without much difficulty, but the second one is a little more difficult.

For obvious reasons I should be delighted if I could make a positive statement and have this question settled immediately. There would be some obvious advantages if that could be done, and I do not think my hon. friend needs to use too much imagination to know what the advantages would be for the people of New Brunswick as well as those of Digby-Annapolis-Kings, and others who are interested. But there is a course of responsibility to be followed, and that is to try to bring the project to a successful conclusion. Whether I can make the statement will depend on my assessment of whether that would be in the interests of a successful conclusion.

One thing I shall undertake for my hon. friend. In so far as the continuity of this question is concerned, I shall take a direct personal interest in it, so far as I am able to in the weeks ahead, to make sure that it comes to a successful conclusion. I am as anxious as he is to see that after all these years something happens and that we just do not continue debating the question. On the other hand I hope the hon. member will be generous and co-operative enough to realize that it might prejudice the situation if I

undertook to do something which I did not feel later was in the best interest of those involved.

Mr. Nowlan: I appreciate the minister's partial statement. Regardless of his future capacity, and I know he will be busy in the next few weeks, I appreciate his personal interest in the matter. That certainly will help. I would appreciate it if he would consider this matter as a burr on his backside and be prompted to stand up and say in the committee tonight whether the two objections in question, or the two points in question, still have to be clarified. Incidentally, were those points raised by the Canadian Pacific Railway or by the government? The minister knows I know what the points in question are. Perhaps he could say a word about them.

Mr. Hellyer: They are raised by the railway, and the railway is asking for certain concessions in exchange for building a new ship and carrying on a service. I think they want greater concessions than have previously been indicated. The question, of course, is fair and reasonable in the light of all circumstances. That is the question to which the government is addressing itself at the present time.

Mr. Nowlan: I have another question to ask. Considering the minister's answer, is the Canadian Pacific Railway asking for any concession that has not been given to the Canadian National Railways, or will terms be negotiated that will affect the Canadian Pacific Railway and not affect the ferries run by the Canadian National Railways. Or is the government trying to resolve it by having the same rules apply to both bodies?

Mr. Hellyer: If my hon. friend were not a member of this house I might engage him to try to get for me the answer to that question. Unfortunately, because he is a member of parliament, he is barred from giving that kind of service to a government department. That of course is one of the things that is being examined and I cannot answer that question at the moment. Perhaps I shall be able to before the matter is resolved.

The Chairman: Shall vote 15c carry?

Mr. Schreyer: Mr. Chairman, a few minutes ago I asked the Minister of Transport whether he had decided to refer the subject matter of the Great Slave lake railway construction to an appropriate committee. He replied that unfortunately he could not do so yet, because the briefs involved were luminous and he had not had time to study them in sufficient detail. I do not want to be unfair, but I suggest that is not good enough. It is not good enough for the minister to say that he hopes to make a decision in about two weeks. That will take us to April 6, and who knows what the fate of the Minister of Transport will be? He might have a different portfolio.

An hon. Member: Or be the Prime Minister.

Mr. Schreyer: He might perhaps be that. The point is that it is more than a year since the complaint was directed to the Minister of Transport. I admit that originally it was directed to the minister's predecessor, Hon. J. W. Pickersgill. But the officers of the department have had ample opportunity to consider in depth the allegations and complaints made by the construction firms that were engaged in the construction of this railway.

Though the circumstances are complex I might summarize them for the minister. The majority of the 13 or 14 construction firms involved in the project lost heavily, half of them being forced into bankruptcy. If that had happened to only one or two one might say, "Well, it was a case of poor management, or of poor bidding." But when half the firms—seven firms involved—go into bankruptcy, it is safe to assume that there was something rotten in the state of Denmark and that the contract conditions must have been onerously enforced. Or perhaps the C.N.R. specifications were sloppy in the extreme and grossly inaccurate. Many elements could enter into the matter.

It is not as though our group, the hon. member for Kenora-Rainy River, or I, were asking for an adjudication of the claim; we are only asking the minister to submit this matter to an appropriate committee for investigation or to agree to co-operate with a Senate committee investigating the matter. Or, failing that, perhaps the minister might submit the matter to an inquiry. It could be a one-man inquiry commission, or something like that, and it could look into the alleged injustices that we are told prevailed during the time in question.

The minister, I understand, has been a minister of the crown since 1956 or 1957, and he must be familiar with the construction of the northern Ontario pipe line. In that matter we have a precedent for investigating claims by contractors which have worked for the crown or crown agencies. I have been

informed that in seven instances with respect to the construction of that pipe line, contractors made additional claims, either because specifications as given in tendering were inaccurate or for other reasons. I might place on the record some of the firms which claimed, to show the minister that there is a precedent for the sort of investigation we ask for.

With respect to the construction of the northern Ontario pipe line, Mannix Company Limited submitted a claim for about $16,000 as additional compensation and eventually received, in settlement, about $6,600. Mattagami Construction Company Limited submitted an additional claim of about $27,900 and eventually received a settlement of about $17,900. Mannix Construction Company claimed for $972,000 and received $420,000 in settlement; Canadian Comstock claimed $96,969 and settlement was eventually obtained for $65,243; Dutton-Williams Brothers submitted a claim for $2,776,731 and a settlement with the crown was eventually reached at $692,496.

• (9:50 p.m.)

So there are precedents. I do not want to take up the time of the committee any longer just now in this connection. I do not wish to be unfair by suggesting that the minister has been derelict in his duties. On the other hand, I do not think the hon. gentleman is being quite fair when 14 months after a request has officially been made to his department he comes back to say he still needs more time. Who knows whether two weeks from now he will be in a position to reach any conclusion in connection with this request? I do wish he would be a little more fair.

Mr. Bower: Had the minister been more specific in answering the questions raised by the hon. member for Digby-Annapolis-Kings I might not have spoken on this item. However, either because he was unable to do so or because he thought it propitious not to do so, the minister did not make a very saisfactory response. I feel therefore I should bring up some points in connection with his department and the vote before us which are of interest to western Nova Scotia.

The hon. member for Digby-Annapolis-Kings and I represent the entire western end of the province of Nova Scotia, an area inhabited by some 175,000 people who have been grossly neglected as far as assistance in developing the economy is concerned. Such indices as I have been able to develop indicate that the average income in Nova Scotia as a whole is between 20 and 30 per cent below the national norm. In western Nova Scotia the average is 30 per cent below the provincial norm. So if there is any truth in all I have heard since I have been here in parliament, and in all I have read from the Economic Council of Canada and similar sources, we have a case which needs attention.

While I recognize that the government, having go itself into a most awful mess, must and should economize, I insist that these economies should be applied selectively. Take the case of an adult with an infant child. If for some reason or another the food for the pair had to be reduced by one pound a day, nothing could be more absurd than to take half a pound from the diet of the adult and half a pound from the diet of the infant. The child would die, even though the adult might survive. This, however, is the system which has been adopted in the estimates—a blanket cut—and it is absurd.

I am the first to recognize that the economy of western Nova Scotia will not be metamorphosed overnight. But I insist that things must be done in order that we do not fall further behind than we already are. The press of the area takes a similar views. A paper which favours the government carries the headline "Billions for others, little for us".

One of the biggest supports for our provincial economy, particularly in the western end, is tourism, and at present transport facilities are lacking. The hon. member for Digby-Annapolis-Kings mentioned the ferry across the bay of Fundy to Annapolis. I have a lively interest in this service, but there is another ferry service which runs from New England to Yarmouth. Last summer thousands of cars were turned back because they could not be accommodated; the tourists probably never did see Nova Scotia.

The Assistant Deputy Chairman: It being ten o'clock, shall I rise and report certain resolutions and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Mr. Pennell: I wonder whether there is any disposition on the part of the committee to conclude the estimates of the Department of Transport.

The Assistant Deputy Chairman: It will be necessary for the Chair to report first.

Resolutions adopted in committee of supply this day reported and concurred in.

Supply—Transport

• (10:00 p.m.)

Mr. Deputy Speaker: When shall the committee have leave to sit again? Later this day or the next sitting of the house?

Mr. Pennell: Mr. Speaker, I again pose my question and ask is there a disposition on the part of the house to conclude the estimates of the Department of Transport tonight?

Mr. Douglas: Mr. Speaker, if there is unanimous consent I think it would be advisable to try to finish this minister's department and let him get away, but I think it should be understood it would be only this department.

Mr. Dinsdale: Mr. Speaker, I can assure the acting government house leader that we are quite willing to proceed on this basis.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I would be willing to sit for one hour.

Personally, I have two points to bring up. I shall attempt to do so very rapidly, if I get a good answer. If the house agrees to sit until eleven o'clock, I would be willing to agree to it. Still, if we do not get any replies it could last a long time. I am willing to put my ideas forward without all the arguments. A while ago, I put questions concerning winter navigation and I did not get any answer.

I would therefore suggest that we sit until eleven o'clock and, if the Solicitor General (Mr. Pennell) wants to set a one-hour limit, I should be willing to accept it.

[*English*]

Mr. Deputy Speaker: Order. Do I understand that now there is general agreement that the house will sit until eleven o'clock but if the estimates of the Department of Transport are finished before that time no other estimates will be considered? Is this unanimously agreed?

Mr. Martin (Timmins): Mr. Speaker, there is one point that I would like to make. I have waited patiently tonight to raise a matter under these estimates, but so far I have been unable to catch the eye of the Chair. If I am unable to succeed by eleven o'clock I will still want to raise this matter. So long as it is understood that it is eleven o'clock or the finish of the estimates, whichever comes first, then there is no objection on my part.

[*Translation*]

Mr. Grégoire: If we are not through by eleven o'clock, we will continue tomorrow.

[The Assistant Deputy Chairman.]

[*English*]

Mr. Deputy Speaker: Is this agreed?

Mr. Pennell: Mr. Speaker, I just want to be clear so that there is no misunderstanding. The house will continue to eleven o'clock if the estimates of the Department of Transport are not passed, but it will rise if they are passed prior to eleven o'clock. At any rate, I wish to inform the house that it is proposed to call the estimates of the Department of National Health and Welfare first tomorrow.

Some hon. Members: Agreed.

Mr. Knowles: Perhaps there should be one other understanding, that since we are sitting late, the late show can be put off to another night.

Mr. Deputy Speaker: Is it agreed that if the house sits until eleven the questions on the adjournment motion will be considered tomorrow?

Some hon. Members: Agreed.

SUPPLY

The house in committee of supply, Mr. Tardif in the chair.

The Assistant Deputy Chairman: Order. House again in committee of supply, supplementary estimates of the Department of Transport. Shall item 15c carry?

DEPARTMENT OF TRANSPORT

Railways and Steamships—

15c. Payments to the Canadian National Railway Company (hereinafter called the Company) upon applications approved by the Minister of Transport made by the Company to the Minister of Finance, to be applied by the Company in payment of the deficits, certified by the auditors of the Company, arising in the operations in the calendar year 1967 in respect of the following:

(i) Canadian National Railway system (subject to recovery therefrom of accountable advances made to the Company from the Consolidated Revenue Fund)

(ii) Ferry Services:

Newfoundland Ferry and Terminals;

Prince Edward Island Ferry and Terminals and Yarmouth, N.S.-Bar Harbor, Maine, U.S.A., $21,245,100.

Mr. Bower: Mr. Chairman, before the proceedings of the committee were interrupted a moment ago I had endeavoured to outline the serious situation that exists in the western part of Nova Scotia and the need for correcting it. As the case in point I was dealing with the ferry service to maximize the tourist

industry of the area, and indeed of the whole of the province of Nova Scotia, of Prince Edward Island and Newfoundland, because Yarmouth is the point of entry from the United States to the maritime province so far as the ferries are concerned.

The ferry is inadequate at the present time. A year ago I raised with the minister of transport the matter of supplementary summer ferry service. Nothing whatever has been done about it. As I have mentioned, during the past summer potential tourists were turned away because of inadequate service across from New England—Bar Harbor specifically—to Yarmouth. Last summer was a relatively poor summer for Nova Scotia. Our normal increase in tourism did not occur. On the contrary, according to many accounts, it slipped backward due, some say, to the attractions at Expo and the fact that the overflow which we were going to get never occurred, apparently because by the time the people got through at La Ronde they did not have enough money to go to Nova Scotia. I do not know about that, but in any event we had a poor tourist season.

It is hoped—and it is very much needed—that there will be a large increase in tourism. I understand there is a possibility, which perhaps did not exist last summer, of obtaining a supplementary ship to run between Bar Harbor and Yarmouth. I brought this matter up with the minister.

We are due shortly to have a recess. It is necessary to have time in which to make preparations and arrangements for something of this nature. So before I go back to western Nova Scotia, to the complaints of disappointment and despair, I should like to know whether something is going to be done about this.

Speaking of the longer term situation, I should like to refer to the matter of the second New England ferry, so called, that would go from some point "X" in the United States to some point "Y" in Nova Scotia. That seems to have gone into a sort of suspended animation, although everybody in Nova Scotia, particularly western Nova Scotia, would like to know what if anything is being done in that regard. That is my sea issue. I have another, the air issue.

Yarmouth is an airport of entry from the United States. Some five years ago one of the runways at this airport was improved so that it would be able to handle up to date planes. However, the cross runway was not improved and therefore there was no effectual improvement, in so far as modernizing the facilities for the type of equipment that could come in there is concerned. I have learned now that there is a proposal to rebuild or improve the air terminal building. That indeed is putting the cart before the horse. I think perhaps we could make do somehow or other with the terminal building, but airplanes cannot be landed on a terminal building; there must be a cross runway.

I think it would have been far more sensible to have planned the fundamental thing, the two airstrips, rather than the lace on the drawers, the terminal building. These are matters of fundamental importance. The way tourism is being fomented in that area it is becoming possible for people from New York, Philadelphia, Wilmington and Boston to come down for week ends and leave their families there during the summer. This could provide a tremendous source of revenue. These people could buy old abandoned farms and build modern summer homes, provided the heads of the families could fly back and forth from their work on week ends. Their families could stay for the summer. That is the significance of the development of proper air services into Yarmouth.

• (10:10 p.m.)

I recognize that there is a big investment at the present Yarmouth airport location, and I do not suggest for one moment that it be changed. However, there should be a supplementary emergency airport. Time and again there is thick, heavy and low-lying overcast at the Yarmouth airport. Sometimes only 15 miles inland there is good landing weather. I am not referring to a large fancy airport, but rather just a place where planes could land. Customs facilities could easily be set up at such a location.

There is a site about 15 or 20 miles inland which would be ideal for this purpose. These are the kinds of things which should be done in an area of fragile economy. People down in Nova Scotia read about the huge deficits and the amounts being spent on national arts centres and other things. They are not against this, but they feel their economic situation should be considered in the scheme of things. Some modest investment of the type I have suggested would make all the difference to western Nova Scotia. Perhaps it could then be something other than an abandoned corner of that province.

Mr. Martin (Timmins): Mr. Chairman, I am a little bit disappointed that the minister had to leave the chamber before I raised this point.

Mr. Byrne: He will be returning in a moment.

Mr. Martin (Timmins): Perhaps he will get back when I have finished. The problem I have in mind relates partly to vote 15c and partly to vote 30c. They are so closely intertwined that perhaps I might be allowed to raise the problem under this item, so that I will not have to shuffle from one item to the other. This is not a new problem. I can recall raising it when Hon. Leon Balcer was minister of transport. That is how long it has existed, and that is how long this unfair situation has continued.

When I was first elected to this house the C.N.R. provided a pretty fair service from Timmins down toward Ottawa and Montreal. During the first couple of years I was a member of parliament, I could get a berth on a sleeper car at Timmins and come down on the O.N.R., which was hooked up by the C.N.R. and brought to Ottawa. After a few years this service was curtailed and I had to go down to Swastika, the next division point, where the O.N.R. swings north up to Moosonee. Then the years went by and you had to go down as far as Englehart before you could get sleeping accommodation on the C.N.R. A year or two later you had to go down to North Bay. At that time your sleeping car would be sitting on the siding and you could climb aboard and go to sleep. The western train coming through would pick you up and take you on through to Ottawa.

Finally, for some years now, there has been no accommodation whatsoever on this train. This is true of the rail service in the area that I represent, as well as in other constituencies such as that of the hon. member for Cochrane, part of the constituency represented by the Prime Minister and two or three other constituencies the focal point of which is the Timmins region, which is serviced by this railway.

Steadily over the years the railway service in this area has deteriorated. If you want to travel by train from the Timmins area to Ottawa or Montreal you are faced with one of two options. As I said before, you can go to North Bay and land there in the wee hours of the morning, about one o'clock or 1.30 a.m., and wait in a very unfriendly and cold station until the western train comes through at two, three or four o'clock in the morning, depending on how late it is, and then board a sort of semi freight train—there is a coach on it but it has neither a diner nor a sleeper. This is not very good accommodation, as I am sure all hon. members and the minister would agree. The other option is to drive over a very crooked and hilly road some 70 miles southwest of Timmins to the main line at Foleyet.

There is no way in which one can find out whether the train is on time or whether it is late. In fact, the hon. member for Nanaimo-Cowichan-The Islands will recall the time when I drove him at breakneck pace, but when we arrived at the station on time we found that the train had left early. My colleague had to cancel appointments and make other travel arrangements the next day. When one tries to find out whether the train is on time, he is told to call Winnipeg; but it is one heck of a long distance from Winnipeg to Foleyet and even though the train may be on time in Winnipeg it could be either late or early in Foleyet. This is the kind of service that is provided in this area.

Of course we have air service. As I said, this problem not only relates to this vote but also relates to vote 30c. We have a very good air service, depending on one's destination. There is an excellent service from Timmins to Toronto providing three flights a day, one of them direct. The fare is very reasonable, at $54 for a return trip between Timmins and Toronto. If the minister wished to check the statistics regarding the number of passengers carried on this route he would find it is a well patronized route and compares favourably with any service across the country.

However, there is one interesting point which I have raised with various ministers of finance dating back to Hon. Leon Balcer. I have carried on a war with the president of Air Canada, and if the minister would like to see my file I would be glad to supply it to him. The distance in road miles from Timmins to Ottawa is 12 miles longer than from Timmins to Toronto. So far as air miles are concerned, there is very little difference.

However, the difference in fares is another matter. As I mentioned before, the fare from Timmins to Toronto costs $54, but from Timmins to Ottawa it costs $92. The reason for this is that Air Canada, in its wisdom, instead of flying its passengers Timmins-North Bay-Ottawa, flies them via Toronto. That is their business, as I have told the president of Air Canada. However when they

start charging us for the extra route, that is our business, the business of the people in the north country. This matter has been neglected year after year and by minister after minister. I think it is time something was done about it.

• (10:20 p.m.)

I recall when I first raised this matter with Air Canada the excuse was that in the early days when the Timmins airport was first opened they tried this route, but it was not a paying proposition. When I pointed out that air travel of 10 or 12 years ago and air travel today are two different things altogether, they had another excuse. A number of people are air conscious today, and a number of them have speeded up their schedules so that they need air service. The congestion on the highways is such that it is not safe to undertake a long trip because you don't know whether you are going to get there or get back. These are factors which should be considered now.

When we beat them down with that argument, they raised another one. Air Canada said they had kept a record of the number of passengers using this route over a six month period, and that the number did not warrant the flight. My reply was: Of course, not; when you are charging them double, why do you expect they will fly? I am still getting answers to these questions.

I am sure hon. members recall that not long ago I received a lot of publicity through the Thomson newspapers across the country, through the courtesy of their parliamentary correspondent Mr. Patrick Nicholson, who pointed out that the hon. member for Timmins was as expensive to the taxpayers as the hon. member for Victoria who lives some 3,000 miles away. This journalist totalled up the air fares charged in my name for a year and compared them with those charged various other hon. members. I did not mind this sort of criticism at all, Mr. Chairman, because he did prove two things. First, he proved that I am in Ottawa during the week and at home on the week end looking after my constituents. I do not believe that is anything of which an hon. member needs to be ashamed.

He pointed out another thing, Mr. Chairman, the very point I have been raising. The charge that was opposite my name was some $3,500 for air fares going back and forth to my constituency. If I had been charged, and if the people of Timmins who did use this service had been charged the proper fare, the amount would have been $2,000, not $3,500. I am glad Mr. Nicholson raised this point because it clearly illustrates the injustice that is being perpetrated against the people in the Timmins region.

There is another point that is very important. We are very appreciative of the air service we have between Timmins and Toronto. It is interesting to note that the train service between those two points is excellent, with an overnight service both ways. The train leaves Timmins at six o'clock at night and it leaves Toronto at 6.30, both trains arriving at their destinations about 8.30. I have tried to get an answer to this question for years and years. Why is it that where the train service is good, the air service is good, and where the train service is poor, the air service is poor? What kind of competition are we trying to have with ourselves? Both companies are operated by the government. Surely we should be trying to provide service to the Canadian people and not compete where the service is good, then pay no attention to places where the service is bad. Surely we can reach some agreement among ourselves as to how we can get some sort of sensible transportation policy in these two fields.

There is another very important point, Mr. Chairman. My constituency is comprised of about 15 per cent French speaking Canadians. The surrounding areas served by the Timmins airport contain about 75 to 80 per cent French speaking Canadians. Their natural link is with the province of Quebec, with Ottawa, Montreal and Quebec city. This is where their relatives and friends are, and this is where they would like to go—not to Toronto. There is therefore an added injustice to these people because, as I mentioned earlier, the train service is very poor and getting worse all the time. It is not as good as it was five years ago, and much worse than it was ten years ago.

At the same time, Mr. Chairman, no compensation is being offered by the air service. Although the air service does operate there, it charges such a terrific rate that you cannot afford to pay the fare. The result is that you either have to take this very poor train service or you have to drive a long distance by car, a journey that involves the daily dangers presented by highway travel with its consequent loss of life and limb.

As I say, Mr. Chairman, this situation is an injustice. The problem is not new; I raised it when Hon. Leon Balcer was minister, when the present hon. member for Northumberland was minister, and with all the other successors down through the years.

However I raise it once more with this minister. We have had some examples of the minister's despatch and efficiency. Surely if he can join the three services together he can put some common sense and fair play into the transportation service from Timmins to the Ottawa and Montreal region.

Item agreed to.

20c. Construction or Acquisition of Buildings, Works and Land, Dock and Terminal Facilities, including improvements to Terminal Facilities owned by Newfoundland, and of Vessels and Related Equipment as listed in the Details of the Estimates provided that Treasury Board may increase or decrease the amounts within the Vote to be expended on individually listed projects, $1.

Item agreed to.

Air Services—

30c. Administration, Operation and Maintenance, $844,000.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I do not intend to speak at length on that, but I shall merely sum up two paragraphs, from the newspaper *La Presse* of Wednesday February 14 afterwards, I will simply ask the hon. Minister of Transport what one must think about it and what are his conclusions.

Therefore, I quote this article from *La Presse* under the following heading:

"No money for Montreal, $9 million for Toronto."

And sub-heading, we find this:

"After tripping up Dorval, Ottawa gives a staggering blow."

It is rather harsh as a heading. Here are the first two paragraphs of that article written by Mr. André Chénier, from *La Presse*:

The federal Minister of Transport, Mr. Paul Hellyer, has just announced that estimates amounting to $9 million will be used for the expansion of Toronto's airport, which will be provided, among other things, with a new air terminal and a parking lot that will accommodate 1,500,000 more passengers per year.

For Montreal, it is not merely the tripping up of two months ago, through the elimination of estimates intended for a new runway at the Dorval International Airport: It is now a staggering blow on the most widely patronized airport in Canada.

Mr. Chairman, I have no objection to money being spent to enlarge the Toronto airport. The more Toronto expands, the happier I will be. But if money is taken away from Montreal to give it somewhere else, especially if those credits had been earmarked for two years for the Montreal airport, that is another story altogether. If what has been earmarked for expanding and improving Montreal's Dorval airport is left alone and other credits are given to Toronto, I do not object to that.

I am asking the Minister of Transport what is earmarked for Montreal. Can he give us an idea of what must be done to develop the Montreal airport to keep it up to date and in step with the increase in air traffic, in the number of passengers, in the size of airplanes, etc.? I would like the minister to give me an answer and then, if I have some comments to make, I will.

[*English*]

Mr. Hellyer: Mr. Chairman, as I have indicated publicly since this newspaper report appeared, the expenditures for the two airports at Toronto and Montreal for the next 20 years will be almost identical. In addition, this year there is provision in the estimates for those supplementary facilities that are required at Montreal to enable the airport to handle the jumbo jets which will be coming into service in 1970.

• (10:30 p.m.)

The reason we have not yet been able to announce exact, immediate plans for the Montreal expansion is that the engineers who are studying the situation have not yet decided whether we can expand Dorval to meet the 20-year requirement, whether we shall have to build a new airport to replace Dorval or whether we shall have to build a new airport and operate it as well as Dorval. We do not yet have a recommendation on options from the consultants who have been looking at the question, but I hope to have their report within a few weeks. Once I do, of course we shall know exactly what they recommend.

In the meantime it has been recommended to us that we should not proceed with the runway, even if funds were available—which is not the case, at the moment. As I say, once we have received the engineer's report we shall know what is the best thing to do for the long range requirements of the metropolitan Montreal region. I assure my hon. friend that this is being given every possible consideration. I can also assure him, if he will look back over the expenditures of the last few years, that Montreal by a considerable amount has received higher expenditures than Toronto, and has not done too badly.

Some hon. Members: Shame.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to put a supplementary question to the minister. When he says that in 1970, there will be strips to accommodate giant aircraft, does he mean to say that new strips will be built for the giant aircraft and supersonic planes such as the Concorde, for instance, which will start operating in 1971? Is anything planned in Montreal for supersonic planes? The Concorde, as we know, is expected by 1971 or thereabouts. At that time, will there be landing strips to accommodate those aircraft?

[*English*]

Mr. Hellyer: The supersonic aircraft will not be available that soon; they will come into service several years later. The jumbo jets will be available in 1970 and we shall be in a position to handle them at that time.

Mr. Lewis: I want to raise for a minute or two a matter that has been drawn to my attention. I do not know how much time the minister has devoted to it, considering his other activities. I have been visited by some air traffic controllers who have been very critical because they allege that the second volume of Judge Robinson's report has been sitting on somebody's shelf. That is the information they gave me.

Hon. members will recall that a couple of years go, or longer ago than that, the threat of an air traffic controllers strike was obviated by the appointment of Judge Robinson as special commissioner to inquire into complaints. The judge produced the first report which dealt with salaries, and a satisfactory conclusion was arrived at between the Department of Transport and the air traffic controllers.

Some months ago a second volume came down; I have not read it thoroughly but I have read through it. It makes a number of suggestions to improve the working conditions of air traffic controllers, and other related matters. My latest information, which is not very old, from the air traffic controllers association is that the department has done little to implement Judge Robinson's recommendations. I should like to hear whether the minister has readily at his figertips information about what has been done and what is proposed to be done to meet the apparently perfectly reasonable request of the air traffic controllers, that the second volume of Judge Robinson's report be implemented, or fully discussed with them.

They have another complaint. There are about 125 air traffic controller assistants who have always worked with the air traffic controllers. In the reclassification which has been taking place over the last couple of years in preparation for collective bargaining, someone decided that these assistants should be classified as clerks. They are in the clerical group for the purposes of collective bargaining, and no longer in the air traffic control group, despite the fact that they work with the air traffic controllers in the same area and provide the controllers with assistance in terms of information and the processing of information.

These people feel they are now completely at a dead end, instead of having opportunities for promotion and for getting into the air traffic control business as their experience grows. I feel the item before us should not go through without these two legitimate complaints being drawn to the attention of the minister. The collective bargaining legislation which parliament passed for the public service itself sets the collective bargaining units for the initial bargaining exercise; it is only at the end of the first agreement that changes in the units can take place.

What will undoubtedly happen is this: Two or three years from now when the agreement relating to this group terminates, somebody will come before the staff relations board and ask for a change in this bargaining unit. In the meantime, certain habits will have been interrupted in one direction and will have jelled in another direction. This seems to me an example of stupid labour relations. The application of some criteria which I do not understand—it may be my fault—has resulted in a most illogical situation as far as these assistants are concerned.

I am totally at a loss to understand why the minister and the department have done so little to implement Judge Robinson's recommendations concerning labour conditions and related matters. If the minister has any information on this subject I invite him to pass it on to us.

Mr. Hellyer: I cannot recall exactly what the situation is, but I do know that a large number of the recommendations in that report have been implemented or are in the process of implementation. Others which require more substantial expenditure will be worked into the program as this becomes possible. Our budget is tight and this prevents our doing some of the things we want

to do. In the meantime we are living under a restriction and, while we appreciate the necessity for that restriction, at the same time we know there is a responsibility not to delay any longer than is absolutely required some of the recommendations we would like to see implemented.

• (10:40 p.m.)

Mr. Lewis: What about the assistants?

Mr. Hellyer: I do not know the answer on that, but I would be glad to look into it.

Mr. Alkenbrack: Mr. Chairman, from time to time the minister has been talking about economy, and we have heard a lot about the amount of the stipend being paid to the new chairman of the Canadian Transport Commission. What is the salary of the minister's immediate predecessor who is now the chairman of the Canadian Transport Commission?

Mr. Hellyer: It think it was stated at the time, and reported in the press, to be $40,000.

Mr. Alkenbrack: Does the minister not deem this new position, conveniently created by the former Liberal member for Bonavista-Twillingate, an act of gross extravagance in view of the poor financial position of the government and of the country in general? I believe this salary is only $5,000 less than that of the Prime Minister, and it is far more than that of the Minister of Transport. Is the chairman of the transport commission more productive, more important or more vital to Canada and its economy than the Prime Minister or the Minister of Transport? Is he more important or productive to Canadian transport than the Minister of Transport? His salary is much larger. At a time when we should practise economy, I think this is a most extravagant appointment.

Mr. Hellyer: Mr. Chairman, I think the Prime Minister pointed out at the time that the president of the Canadian Transport Commission is very well qualified for that job. He, more than any other man, was familiar with the act that had been passed, and understands the transportation field. Therefore I believe it was a good appointment. On the question of relative salaries, my hon. friend will of course appreciate that there are many people who work for the government of Canada directly or indirectly who receive more remuneration than the minister and the Prime Minister. This is not a new state of affairs.

Item agreed to.

[Mr. Hellyer.]

40c. Grants, contributions, subsidies and other payments as detailed in the Estimates, $1.

Item agreed to.

E—National Harbours Board—

75c. Payment to the National Harbours Board to be applied in payment of the deficit (exclusive of interest on advances authorized by Parliament and depreciation on capital structures) expected to be incurred in the calendar year 1967 in the operation of the Jacques Cartier Bridge, Montreal Harbour, $53,000.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to say a word about item 75c. It concerns the National Harbours Board, therefore, the harbour of Montreal and, perhaps to a lesser degree, that of Quebec.

Oviously something is wrong in that harhour. Something is radically wrong there. Conflicts remain unsettled between dockers and shippers. There is talk of inordinate theft, pilfering, in the area of the Montreal harbour. There is talk of violence, of blackmailing, of usurious rates in the port of Montreal. Several commissions were appointed to look into the whole matter, on labour relations. Several investigations were carried out and there are increasing complaints to the effect that the port of Montreal is in utter confusion.

The Minister of Transport is aware of the problem. The Montreal harbour board, headed by the president of the executive committee of the city of Montreal, Mr. Saulnier, came to meet him. There is a serious uneasiness which may jeopardize irremediably the port of Montreal, its future and those who depend on it. When one appreciates that the port of Montreal is a great asset to the economy of the area, one cannot refrain from saying something.

As I know, the minister wants to conclude consideration of his estimates tonight and is anxious to go campaigning; so, I would not want to take any time to outline the problem to him. I know he must be aware of it as well as I am; consequently I will merely put the following question to him: Has his department taken a decision with regard to placing the port of Montreal under a single authority?

At the present time, the National Harbours Board, which has the responsibility of several ports in Canada, has control over many harbours. No decisions are made; everything is higgledy-piggledy. It seems more and more obvious that the only solution would be a single authority for Montreal's harbour. So, I would like the minister to tell me, without going into details, what are his intentions and

what are the decisions made by his department in that field.

[*English*]

Mr. Hellyer: Mr. Chairman, the question of control of harbours is one which is very complicated and which at the present moment is being studied. To the best of my knowledge there has been no fundamental look at this question for about 25 years. Three studies are being done which will be co-ordinated by our department. As my hon. friend knows, the present situation is one in which there are National Harbours Board ports, ports under the administration of the local commissions, and those operated by the department itself. Whether it is best to have three different solutions like this, or whether one would be better, or whether some different solution would be more appropriate, remains to be seen. In any event there is the feeling that one consideration might be a greater local participation in the management of harbours.

I have indicated to the Montreal port council—I believe that is the title—that we have commenced this study and that I hope it will not take more than three or four months to have a report available. I have indicated to them that as soon as it is available I would then be in a position to discuss with them further the question of local participation. In the meantime I do not want to take any steps which would prejudice the outcome of the study, because it is a fundamental one which could have repercussions or which could have application in other parts of the country as well. In the meantime I hope we can keep the port operating, improve its efficiency, and then as soon as the report is ready we will be prepared to discuss with the Montreal authorities any change in the organization which might be warranted.

[*Translation*]

Mr. Grégoire: Mr. Chairman, may I ask the minister whether it is groups or special commissions which are presently carrying out investigations concerning the harbour of Montreal? He said three groups were making investigations. What are those groups?

[*English*]

Mr. Hellyer: Yes; the National Harbours Board itself is doing one, the Canadian Transport Commission is doing one and the department is doing one. The three will be co-ordinated by my deputy minister so that we can get the input from all three.

[*Translation*]

Mr. Grégoire: Mr. Chairman, numerous investigations have been conducted in the past eight or nine years.

About ten years ago, the Montreal harbour commission investigated thefts at the Jacques Cartier bridge. A little later, from 1961 to 1963, Justice Norris presided over an investigation of fraudulent practices and violence in the harbours of the great lakes, the St. Lawrence and Montreal.

In 1966, at the time of the strike in the St. Lawrence ports, Justice Lippé had recommended that such abuse be investigated. Not so very long ago, a Montreal lawyer, Mr. Deschênes, prepared, at the request of the Montreal port authorities, a report on possible thefts, pilfering and fraud in Montreal harbour.

All those commissions submitted reports. Reports have been prepared for the past eight years. It has been a well known fact for the past eight years.

• (10.50 p.m.)

Presently three other organizations: the National Harbours Board, the Board of Transport Commissioners and the Department of Transport are studying the matter, in order to come up with a report. The minister tells us: "Let us hope that in the meantime the harbour will keep on developing." But it is not developing. The situation has been worsening and is getting quite serious. Shipowners, unions members of the Montreal harbour council, owners of shipping companies are complaining. Moanings and groanings are heard from right, left and centre.

The situation is not improving in the Montreal harbour. There have been too many inquiries, too many studies. There were not enough results, even when reports were brought in. The Smith inquiry is still under way. It is not included in the three inquiries or commissions mentioned by the hon. Minister of Transport. Judge Smith is carrying on an investigation. But in the meantime, the port of Montreal is on the road to ruin; the situation is getting worse.

All are complaining about the same thing: the lack of authority in the port of Montreal. There is no authority to take decisions, to settle problems and find solutions.

The four inquiries made during the past eight years have all revealed—and that of Mr. Deschênes more clearly than the others—that a single authority is needed in the port of Montreal in place of the National Harbours Board.

Now, it is all very well for the minister to tell me that three commissions are investigating the conditions, but the fact is that four have already submitted reports. Yet, it does not satisfy me, because in the meantime, the situation is increasingly deteriorating in the port of Montreal.

I can give him examples and quote a large number of reports and speeches made by authoritative persons.

I know that the minister wants his estimates passed tonight. I shall therefore spare him all those examples, but I can mention numerous comments to the effect that the port of Montreal is racing to its downfall, among others, those of the chairman of the Montreal harbour board, Mr. Bacs, who feels, according to page 3 of *La Presse* of Wednesday, February 28, 1968, that it is most urgent that an operational economic study be made of the port of Montreal, in order that its harbour facilities can take advantage of the opportunities, of the 20th century, and who recommends the application of the Picard and Deschênes reports. The Deschênes report is mentioned there, but we are merely told that the department is making other studies, even though some have been made already.

I wonder therefore whether the minister could tell us when the three commissions now conducting studies expect to present their reports. A year from now? In an editorial printed on page 4 of the February 13, 1968 issue of *Le Devoir*, Paul Sauriol said:

> A year or two may elapse before we have a report on all those studies, and the problem requires an immediate solution.

Therefore I would ask the minister whether he has any idea when we may have the results of the studies now being made. When does he expect to be able to make concrete decisions. In other words, when will he learn the results of all those studies and when will he make a decision?

[*English*]

Mr. Hellyer: Mr. Chairman, we are talking about different things although they all relate to the port. The studies to which my hon. friend referred relate to working conditions, pilferage and so on. In the case of the latter, the National Harbours Board has already taken very forceful action to cope with the alleged theft, pilferage, blackmail and other things in the port vicinity. Some very excellent policemen have been hired and I believe the situation will be brought very much under control at once.

The reports to which I refer relate to the management of the port and the responsibility for it. It is this subject which has not been studied at all to my knowledge during the last 25 years. I hope to have information available within three months. It should be possible then to make a decision as quickly as the government is capable of making it, once the report has been received.

Mr. Douglas: Mr. Chairman, at this late hour I want to condense what I have to say into one or two simple questions. One has to do with the production of papers regarding correspondence between the federal government and the government of British Columbia in connection with the Roberts Bank proposed port. I wonder if the minister can tell us whether it is likely to be tabled reasonably soon. In spite of what the minister said the other day on orders of the day, there are a good many conflicting reports with regard to what the government has actually offered. I will not ask the minister to go over that and to put it on the record, but if we had this correspondence I think it would set forth the minister's position very clearly and it would be helpful to the province of British Columbia, where his position has not been fully understood in some quarters.

The second question I wanted to ask is whether the minister could make available to hon. members, or at least to members from British Columbia, the program which he proposes to follow in Burrard inlet during the coming year. It would be useful to have this information. I do not expect the minister to outline it now, but if we could get that information from his department it would save time.

Mr. Hellyer: So far as the first question is concerned, there is no reason for delay, but I would have to inquire into it.

Mr. Douglas: It may need clearing with the government of British Columbia.

Mr. Hellyer: This may be the case concerning the government of British Columbia.

So far as the second question is concerned, I received a technical report today at which I have not had a chance to look, so I cannot advise my hon. friend. But I hope it will not be too long before I can give some information about Burrard inlet.

Item agreed to.

77c. Payment to the National Harbours Board to be applied in payment of the deficit (exclusive of interest on advances authorized by Parliament and depreciation on capital structures) expected to be incurred in the calendar year 1967 in the operation of the Saint John Harbour, New Brunswick, $240,000.

Item agreed to.

Atlantic Development Board—

92c. Grant to the Government of Nova Scotia to assist in defraying the expenses of operating the former Dominion Steel and Coal Corporation Limited Steel Plant at Sydney, Nova Scotia, $2,000,000.

Item agreed to.

Canadian Transport Commission—

65c. Steamship Subventions for Coastal Services as detailed in the Estimates, $1,768,690.

Mr. Barnett: Mr. Chairman, I have a few remarks to make on vote 65c. They have to do with the policy followed in the establishment of the rates of subvention paid for various services. These items which are now before us are the result of criteria which I assume are universally applied to all applications to the water transport committee of the Canadian Transport Commission. It has been suggested to me that in some ways the policy which has been followed in the past is not adequate to deal with the problem of ensuring that services provided under the subvention arrangements are undertaken by boats capable of providing the services required. It has been further suggested that in the various criteria which are used for establishing rates, proper consideration is not given to the question of depreciation and depletion, so that firms are in a position to maintain and replace vessels as required.

By way of illustrating my point I should like to make particular reference to the item which appears with regard to the service on the west coast of Vancouver island, of which I have some personal knowledge. Not too long ago the federal Department of Public Works established a new wharf at an expenditure of some $180,000. So far as I could determine, there was adequate consultation with the company operating into that wharf. After this new wharf was built and the new freight shed opened, this service paid one or two visits to the port and then the master of the vessel said he could no longer get his vessel in or out of that harbour. I made some inquiries, and then the maritime commission had one of its inspecting masters take a trip on the vessel. He confirmed the decision of the master that this vessel could not safely operate into or out of this port. To all intents and purposes, this $180,000 turned out to be a poor investment of federal funds.

• (11:00 p.m.)

There has been a change of ownership of this particular company since the decision was made to build that wharf, so I am not blaming the present manager for the situation. I did make some inquiries and looked at the registry of shipping. This vessel is one to which a person might refer, without being too disrespectful, as a really old tub with rather inadequate power or other modern facilities for guiding a vessel in close waters.

I raised the question informally as to why the company did not trade this vessel for a new, modern one which would be able to navigate in some of the tight situations prevailing on the western coast. I was informed that this was something the company would very much like to do, but the economics of the situation were such they could not see their way clear to do it. This is one example from which one might argue that the additional subventions proposed here are either too great or too little.

I wonder if the minister could tell us the proposition on which the policy for these subventions has been founded. If he is not able to do that tonight, perhaps he could give an undertaking to the committee that he will have this matter thoroughly reviewed. I could cite one or two other examples to illustrate that this same problem is being faced by other operators. They tell me they are living off their capital, and at the rate subventions are being paid, sooner or later they will have to give up the service because the boats they are operating will no longer be seaworthy and they will not have been able to set aside anything for replacement. Can the minister give any clarification of this situation as it exists?

Mr. Hellyer: Not at the moment, Mr. Chairman, but I would be glad to take note of my hon. friend's question.

Item agreed to.

The following items were agreed to:

110c. Notwithstanding any limitation that may be contained in section 265 of the Railway Act, to authorize payment of an amount not exceeding $30,447.70 from the Railway Grade Crossing Fund to be applied to the cost of a bridge reconstruction project authorized by Board Order No. 115089 of the Board of Transport Commissioners for Canada, $1.

115c. Payments to the railway companies subject to paragraph No. 2 of Order No. 103860 dated February 23, 1961 of the Board of Transport Commissioners for Canada, which paragraph authorized the railways to increase freight rates on export bulk grain moving from certain ports located on Georgian Bay, the Great Lakes and the St. Lawrence River to Montreal and ports east thereof on the St. Lawrence River and on the Canadian Atlantic Coast and which paragraph has been suspended by Order in Council, requiring the railways to continue in effect the rates which prevailed and were published on November 30, 1960, such payments to be the difference between those rates which were in effect on November 30, 1960 and compensatory rates as approved by the Board of Transport Commissioners for Canada, $104,500.

120c. To provide payments to companies subject to order Number 96300, dated November 17, 1958 of the Board of Transport Commissioners for Canada in respect of the period April 1, 1966 to December 31, 1966, for the purpose of reimbursing the said companies for such diminution in their aggregate gross revenues during the said period as in the opinion of the said Board is attributable to such companies maintaining the rate level for freight traffic at an 8% increase instead of 17% as authorized by the said Order, $96,800.

General—

L114c. Acquisition of Twin-Otter Aircraft for leasing to Leeward Islands Air Transport Services Limited, in accordance with an agreement entered into with the approval of the Governor in Council, at a rent that will reimburse the Crown for the cost of acquisition, and that will include an option to purchase the said aircraft, notwithstanding anything contained in the Surplus Crown Assets Act, $1,000.

[*Translation*]

Mr. Grégoire: Mr. Chairman, instead of speaking on the four or five previous items, I will sum up with the last one. I will restrict myself to two minutes.

It is often said that the dissatisfaction in the province of Quebec is justified. At the present time, the minister is making a tour of this country and of Quebec. Now, one of the fields where there is more reason for dissatisfaction is transportation. In many cases, it comes under the federal jurisdiction: airports, Montreal harbour, Trois-Rivières harbour, Quebec harbour, the Canadian National Railways, Air Canada, the St. Lawrence river. It is a field that comes under the Department of

Transport and it is probably the one where there are more grounds for complaint.

Whether the minister remains Minister of Transport or becomes Prime Minister, I ask him to study in depth all the problems which exist in the field of transportation. Let him make no mistake about it: if he wants to please Quebec, he should talk about transportation, because it is in that field that there is most dissatisfaction. There is no improvement, no expansion, no winter navigation on the St. Lawrence. There are many other complaints. Anyone who takes the 11 o'clock train from Montreal to Ottawa never meets an employee who can speak French. There is no bilingualism between Ottawa and Montreal. I do not object to anyone who does not speak French, but he should not be put to work on a line where so many French Canadians travel. The minister should make an investigation about the C.N.R. line between Montreal and Ottawa, especially about the 11 o'clock train at night; he will see that there is not a single employee who speaks French. That is not very pleasant.

The situation has greatly improved as far as Air Canada is concerned, and I want to commend its directors. The European service, for instance, is much better. I used it recently to go to France, and I noticed that. I commend Air Canada in that regard.

But nothing is done by the Canadian National Railways. The minister should remember that this is probably one of the most important fields and one which causes the greatest dissatisfaction at the present time. It is up to him to find solutions.

[*English*]

Item agreed to.

The Assistant Deputy Chairman: This completes the supplementary estimates of the Department of Transport.

Pursuant to special order made earlier this day, it being after eleven o'clock shall I rise, report certain resolutions, and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

It being ten minutes after eleven o'clock the house adjourned, without question put, pursuant to special order.

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF ENERGY, MINES AND RESOURCES
1c, 40c, 70c, 92c, 95c, L25c.

ATOMIC ENERGY OF CANADA LIMITED
L5c.

DEPARTMENT OF PUBLIC WORKS
1c, 30c, 35c, 50c.

DEPARTMENT OF FORESTRY AND RURAL DEVELOPMENT
23c, 35c, 40c.

DEPARTMENT OF SOLICITOR GENERAL
20c, 25c, L92c.

DEPARTMENT OF MANPOWER AND IMMIGRATION
5c, 6c, 10c, 15c.

DEPARTMENT OF TRANSPORT
2c, 3c, 5c, 15c, 20c, 30c, 40c, 65c, 75c, 77c, 92c, 110c, 115c, 120c, L114c.

HOUSE OF COMMONS

Tuesday, March 26, 1968

The house met at 2.30 p.m.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate has appointed certain hon. Senators to act on the special joint committee on the national capital commission.

PROCEDURE

Eighth and ninth reports of special committee on procedure—Mr. MacEachen.

[Note: *Text of foregoing reports appears in today's Votes and Proceedings.*]

[*Translation*]

COAL

TABLING OF AGREEMENT RESPECTING MINTO BASIN

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I have the honour to table a copy of an agreement entered into this morning between the government of Canada and the government of New Brunswick concerning the Minto coal basin.

[*English*]

Mr. Speaker: Has the minister leave to table these documents?

Some hon. Members: Agreed.

VETERANS AFFAIRS

TABLING OF REPORT ON PENSION COMMISSION

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I beg leave to table two copies, in English and in French, of the report of the committee to survey the work and organization of the Canadian Pension Commission.

[*Translation*]

Mr. Speaker: Does the minister have leave to table those documents?

Some hon. Members: Agreed.

[*English*]

NATIONAL SECURITY

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to ask the Prime Minister a question. Can the right hon. gentleman say when he expects a report from the royal commission on security procedures in government? Since this commission has been meeting for many months, I wonder whether the Prime Minister has any inkling as to when the report will be made to him.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I was talking to members of the commission I think about a fortnight ago, and they hope to have the report completed early this summer.

Mr. Starr: A supplementary question, Mr. Speaker. Is the commission, to the right hon. gentleman's knowledge, going to hold any open hearings, or is it going to hear witnesses only, so to speak, under wraps?

Mr. Pearson: Mr. Speaker, in view of the nature of the subject they have been dealing with they have held their hearings, I believe up to the present, in camera. I will find out whether they have any plans to hold open hearings.

HEALTH AND WELFARE

INDIAN MEDICAL SERVICES—REQUEST FOR CORRESPONDENCE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct two questions to the Prime Minister. First of all, may I ask the right hon. gentleman whether he will find it possible today to table a copy of the letter I referred to yesterday, his letter to the premier of Alberta in reply to that gentleman's correspondence concerning medical services for Indians.

Second, I should like to ask the Prime Minister, in view of the fact that the government has apparently determinedly set its face not to bring down Bill No. C-190 before the

recess, whether he can give the house an assurance on behalf of his colleagues—

Mr. Speaker: Order, please. I suggest to the hon. member that he cannot ask two questions. There is a convention in this house that we allow the official opposition one question and then allow other parties one question. I suggest to the hon. gentleman that it would be more in order to ask the first question or the second one, the choice being that of the hon. member.

Mr. Douglas: Mr. Speaker, may I leave the first question and ask the second?

Some hon. Members: Oh, oh.

Right Hon. L. B. Pearson (Prime Minister): So far as the first question is concerned—

Mr. Starr: Order.

Mr. Pearson: So far as the question of the hon. gentleman is concerned, Mr. Speaker, dealing with the correspondence between myself and the premier of Alberta, the correspondence in question which he referred to yesterday deals with medicare legislation and not particularly with medical services for Indians. I am very glad indeed to table that correspondence. In the same tabling I might include a communication with the premier of Manitoba, to which reference was made last week.

I think my hon. friend was referring to a telegram I received from the premier of Alberta dealing with health services for Indians, to which I gave an interim reply by telegram on the day it was received saying I should be communicating with him soon, and there would be a statement in the house on this matter shortly.

Mr. Douglas: A supplementary question, Mr. Speaker. Can the Prime Minister tell the house what his reply was to the telegram he received from the premier of Alberta with respect to medical care for Indians?

Mr. Pearson: I do not have it before me, but I have no objection to asking the premier whether we can table the exchange. It was a telegram saying that I hoped to reply to him in substance shortly, but in the meantime a statement would be made here which I believed would help to remove misunderstandings that have been created, or words to that effect. I think I indicated, because I think my hon. friend has some suspicions about this, that we were having some difficulty in reaching the estimates of the Department of National Health and Welfare.

Mr. Douglas: A further supplementary question. May I ask the Prime Minister if he informed the premier of Alberta that the item in the supplementary estimates dealing with national health and welfare could be called by the government at any time, since those estimates were before the house?

Mr. Speaker: Order, please.

Hon. W. G. Dinsdale (Brandon-Souris): A supplementary question to the Prime Minister, Mr. Speaker. Did the Prime Minister reply to the telegram he received from the premier of Manitoba? If so, would it be possible to have that tabled?

Mr. Pearson: It was a letter, Mr. Speaker, dealing with medicare, and I shall be glad to table that along with the reply to the premier of Alberta. I could table it now, with your permission.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker. I wish to ask the Minister of National Health and Welfare whether, having regard to the misunderstanding referred to by the Prime Minister, he was able to clear up the misunderstanding in the minds of the Indian delegation which he met in Calgary in this connection.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Yes. I found them more reasonable than the hon. gentleman.

Mr. Speaker: Order, please.

[*Translation*]

AGRICULTURE

REQUEST FOR ANNOUNCEMENT OF DAIRY POLICY

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I hesitate to interrupt the election campaign of the hon. Minister of Agriculture, but I should like to ask him whether he intends to announce soon the new dairy policy for 1968-69.

Mr. Speaker: I would remind the hon. member that this question was asked a few

days ago, and I think the hon. minister gave an answer.

Mr. Laprise: Mr. Speaker, I will rephrase my question or make it a supplementary question.

Does the hon. minister intend to announce the new dairy policy before the house adjourns?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the dairy policy will be announced before April 1. I am not yet certain of the exact date.

[*English*]

FINANCE

CANADIAN REPRESENTATION AT MEETING OF MONETARY FUND

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is for the Prime Minister. I realize that he may not yet be in a position to indicate the membership of the Canadian delegation to the finance ministers' meeting to be held shortly in Stockholm. Could we expect an announcement of the agenda of that meeting and of the Canadian position on some of those problems to which our internal troubles are frequently attributed?

Right Hon. L. B. Pearson (Prime Minister): So far as the delegation is concerned—this question was asked yesterday—it has been agreed by the government that the delegates to this conference should include Mr. Rasminsky, the governor of the Bank of Canada, Mr. Alan Hockin, assistant deputy minister of finance and Canada's representative on the board of the monetary fund for several years, and Mr. W. C. Hood, an adviser in the Bank of Canada.

As far as the substantive part of the question is concerned, the Stockholm meeting, which consists of representatives of ten countries from the International Monetary Fund, will be continuing the discussions begun last September, I think it was, in Brazil having to do with the establishment of drawing rights on the fund to supplement gold as a basis for exchange.

EXTERNAL AFFAIRS

VIET NAM—COMMUNIST ACTIVITIES IN ADJOINING COUNTRIES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Is the Prime Minister now in a position, as he indicated yesterday he might be, to make a statement on the expansion of the war in Viet Nam?

Right Hon. L. B. Pearson (Prime Minister): The government has been aware—and the hon. member may have noticed this from the press—that for some time there have been a substantial number of North Vietnamese troops operating in Laos. This has been a matter of increasing concern to the Royal Laotian government and to the international commission, which has certain responsibilities in that country. Unfortunately the commission has not been able to operate in all parts of Laos because some areas are under communist control. Nevertheless it is doing its best to extend its supervisory activities and has recently paid a visit to the city of Saravane in southern Laos, which had been threatened by attack by communist forces. It is hoping to extend visits to other parts of the south which have been threatened.

As far as the situation in Cambodia is concerned, the hon. member knows we have been attempting to strengthen the authority of the commission and increase the facilities available to it so it can supervise the frontier, and for this purpose helicopters would be essential. It has not yet been possible to bring the discussions concerning such extension of authority and facilities to a satisfactory conclusion, but we are continuing negotiations to this end.

As far as Thailand is concerned, there have been some sporadic movements in one area which have been causing a good deal of anxiety.

GRAIN

WHEAT—INQUIRY AS TO FINAL PAYMENT FOR 1966-67 CROP

On the orders of the day:

Mr. W. H. Jorgenson (Provencher): I should like to direct my question to the Prime Minister or to the Acting Minister of Trade and Commerce. Last week the Minister of Trade and Commerce said he would be making an announcement today with regard to the final payment on the 1966-67 wheat crop. Can the Prime Minister tell the house whether this announcement is being made in Winnipeg today by the Canadian Wheat Board?

Right Hon. L. B. Pearson (Prime Minister): The minister expects to be in the house later today, this evening I would think, and hopes to obtain permission from the house at that time to revert to motions so he can make this statement today.

Inquiries of the Ministry

INDUSTRY

ASSISTANCE FOR CONSTRUCTION OF OIL REFINERY IN ATLANTIC AREA

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): My question is to the Minister of Energy, Mines and Resources. Is the minister in a position to bring the house up to date regarding the negotiations going on with the British American Oil Company concerning the company's request for a loan to build a refinery in the strait of Canso?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Yes, Mr. Speaker, discussions in this regard have been going on for several months. The British American Oil Company had made requests to the federal government which concern several departments, the Department of Industry and the Department of Public Works, as well as the Atlantic Development Board, for instance. The company has also addressed requests to the Nova Scotia government. It has also made a request concerning Devco. Therefore, we could not put all that together before knowing what requests had been made to Nova Scotia.

As we expected, the requests addressed to Nova Scotia were, in part, transferred to the federal government, and they are now being studied.

I met the president of British American Oil yesterday.

I shall report to my colleagues of the cabinet on the results of that meeting, and I trust we should soon be in a position to announce the federal government participation in this project.

[*English*]

BUSINESS OF THE HOUSE

REQUEST FOR ASSURANCE RESPECTING BILL C-190

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister. Since it is apparent that the government is determined not to proceed with the drug bill, No. C-190, before the recess, could the Prime Minister give the house an assurance that it is the government's intention to proceed with this legislation when parliament reassembles on April 23?

[Mr. Pearson.]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I rather hesitate to indicate our attitude on this matter because my hon. friend from Winnipeg North Centre said the other day that any such assurance would not be worth, I think he said, the paper it was written on.

Mr. Starr: He will take anything now.

Mr. Knowles: I think I said "would not be worth the time it would take to give it".

Mr. Pearson: But I have already indicated, Mr. Speaker, that we consider this as priority legislation, and it certainly is not that we are determined not to proceed with it. We are determined to proceed with it, but we have indicated that we feel this should be after the recess. We will not be proroguing; we will be adjourning. On our return—and I have discussed this matter with my colleagues in the cabinet, all of them, some more individually perhaps than others—there will be two items of legislation which really have top priority. One is this bill; the other is the Kennedy round negotiations which are matters of very great urgency in the trade field. I think we should proceed with those two items immediately on our return, and my colleagues in the cabinet agree with me on that score.

Mr. J. E. Walker (York Centre): Mr. Speaker, may I direct a supplementary question to the Prime Minister. Did he also discuss this with Rev. Lloyd Henderson?

Some hon. Members: Oh, oh.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

QUEBEC—REPORTED TAPPING OF TELEPHONES

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a question to the Solicitor General, as minister responsible for the R.C.M.P.

Since members, ministers and even the premier in the Quebec legislature are seriously considering the possibility of their telephones being tapped, could the minister tell us whether he is aware of this problem and whether the R.C.M.P. is in any way responsible in this matter?

[*English*]

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the R.C.M.P. have no knowledge of the allegations in the newspaper report. In any event it would be a matter for the appropriate authorities in the province of Quebec.

ADMINISTRATION OF JUSTICE

HAL BANKS—REFUSAL OF EXTRADITION BY U.S. GOVERNMENT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I would like to ask the right hon. Prime Minister whether the government has yet received a reply from the state department in Washington to the note of protest that Canada sent on the refusal by the United States of the extradition of Mr. Hal Banks.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, a reply was received this morning; I saw it just before coming into the house. The note from the United States secretary of state is to the effect that he does not feel he can reconsider the decision he made in regard to the extradition of Banks to Canada, and he does not believe there is any basis for arbitration of the point of law involved.

Mr. Starr: Mr. Speaker, I wonder if the Prime Minister would agree to have the Canadian note and the reply from the state department printed as an appendix to today's *Hansard*.

Mr. Pearson: Yes, I think they should be tabled, Mr. Speaker. I am not sure, but I think the reply has already been made public in Washington. If it has not we will ask for permission to table the correspondence.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, with regard to Hal Banks I should like to ask the Prime Minister whether the government intends to further pursue this matter and place strongly before the United States the serious implications to international relations of the unique and anomalous stand that has been taken by the Department of State. Second, if it does not intend to do this, will it join in the bringing about of an appeal to the Supreme Court of the United States to ascertain whether this so-called exercise of discretion, which seems to bear a strange relationship to threatened difficulties on the great lakes, should be appealed to that court?

Mr. Pearson: Mr. Speaker, as I indicated I received the text of the note just before coming into the house. I should like to have an opportunity to discuss it with my colleagues to see whether we should initiate steps, and what they should be.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to ask whether the officials of the United States government suggested that Canada's plea might fall on more favourable ears after the forthcoming election in the United States.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I should like to ask the Prime Minister whether he regards the most recent reply from the United States state department as precluding Canada from seeking international arbitration.

Mr. Pearson: No, Mr. Speaker; I do not think it precludes us if we consider that the right course is to take the matter to the international court. I believe, however, the United States has a reservation in the form of an option clause which reserves matters which are essentially within the domestic jurisdiction of the United States, and they might invoke that reservation.

SERVICE OF SUBPOENAS ON JUSTICE MINISTER AND PARLIAMENTARY SECRETARY

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister which he might like to take as notice. Can the right hon. gentleman state whether in fact subpoenas have been issued or served on the Minister of Justice and the parliamentary secretary to the Secretary of State for External Affairs in the trial of Pierre Vallieres? If so, what is the government's reaction to the summoning of these people?

Mr. Speaker: Order. I doubt if the question is in order. I am sure the hon. member would be of the same view as I am, that the question should not be asked at this time.

HIGHWAY SAFETY

COMPLIANCE OF CARS IN CANADA WITH U.S. SAFETY STANDARDS

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I wish to direct a question to the Minister of Transport. Are officials of his department currently verifying whether motor vehicles made in North America and sold in Canada comply with safety standards ordered by Washington for 1968 vehicles?

Hon. Paul Hellyer (Minister of Transport): I will have to take that question as notice, Mr. Speaker. As my hon. friend knows, we do not have any machinery for verification of

this kind, but we did have informal discussions with the automobile companies which indicated that they would follow the same standards. I would be glad to find out and confirm this for my hon. friend.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I have a supplementary question for the Minister of Transport. Would the minister undertake to submit to the highly vaunted prices review board, which the government intends to establish, the matter of price increases in respect of automobiles if these relate to the extra cost of safety devices?

Mr. Hellyer: Mr. Speaker, I believe that is a question which would require study. If there were any indication that this should be looked at by this board then, of course, there would be no hesitation in doing so.

FINANCE

INQUIRY AS TO AMENDMENT OF FARM IMPROVEMENT LOANS ACT

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, my question is for the Minister of Finance but in his absence perhaps the Prime Minister could give us an answer. Because of the urgent need for cash to finance equipment and supplies for spring seeding, which will soon be in operation, are any amendments to the Farm Improvement Loans Act contemplated by the government to make the act operative at the earliest possible date?

Right Hon. L. B. Pearson (Prime Minister): I would be glad to look into that. Perhaps I could give a reply on April 23.

Mr. Muir (Lisgar): I have a supplementary question, Mr. Speaker. When the Prime Minister is looking into the matter would he, because of the urgency, ask the Minister of Finance to tell the house when these amendments might be expected?

Mr. Pearson: I will look into it right away.

LABOUR CONDITIONS

QUEBEC—LAY-OFFS AT LAUZON SHIPBUILDING PLANTS

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question I should like to address to the Minister of Industry. Is the minister aware that there have been very large scale lay-offs from Davie Shipbuilding Limited and the George T. Davie Company of Lauzon, Quebec, as a result of the lack of orders? I should also like to ask the minister whether there are any plans to assist the large number of unemployed in this small town in Quebec.

Hon. C. M. Drury (Minister of Industry): There have been substantial lay-offs at the Davie Shipbuilding Company. I am glad to say the situation has been improving somewhat in the past few weeks. The transfer or sale of the George T. Davie Company, the adjacent shipyard to Davie Shipbuilding Limited, has resulted in difficulties in respect of the transfer of the labour force by reason of seniority rules arising out of union agreements.

I understand an attempt is now being made to reconcile these seniority rules with continuity of employment. In the meantime the Davie Shipbuilding Company is actively seeking commercial contracts, and there is some possibility of government work in the not too distant future.

Mr. Lewis: Do I understand from the minister's answer that the question of security is now being ignored, and has a large number—

Mr. Speaker: Order, please. The hon. member's supplementary question is argumentative.

Mr. Drury: Mr. Speaker, the seniority question is one entirely for discussion by the union.

Mr. Speaker: Order, please.

Mr. Lewis: Mr. Speaker, perhaps I may bow to your ruling and rephrase my question. I should like to ask the minister whether there has been a transfer of employees from Lauzon to Montreal, and whether in that transfer the seniority of employees is being observed or otherwise.

Mr. Drury: Mr. Speaker, the question of seniority rights, their applicability and enforcement falls under the jurisdiction of the union, not the company. I understand there are discussions going on between the union, its locals and the company in this regard.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): A supplementary question, Mr. Speaker.

Will the minister inform the house whether he consulted yesterday with the hon. member for Lévis?

Mr. Drury: Yes, Mr. Speaker.

[*English*]

ADMINISTRATION OF JUSTICE

REQUEST FOR STATEMENT ON EFFORTS TO CONTROL DRUG TRAFFIC

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to ask the Solicitor General whether he will indicate what action is being taken under the direction of his department to deal with the increasing traffic in narcotics, particularly marijuana, and the enlisting of young people and students in the distribution of these drugs.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I should advise the hon. gentleman that I attempted to give a lengthy answer to a similar question posed by the hon. member for Red Deer, but finally bowed to the direction of Mr. Speaker that it exceeded the bounds of propriety. I would be glad to forward to the hon. gentleman a copy of the answer I gave on that occasion.

Mr. Rynard: Mr. Speaker, has the government considered setting up a commission to inquire, on an urgent basis, into the effects and properties of marijuana, the social consequences of its use and its physical and psychological effects on young users, particularly in view of the need for more adequate information about this drug at this time?

Mr. Pennell: Mr. Speaker, I agree with the hon. member that this is a very important matter. However, I respectfully suggest that the question would be more properly directed to my colleague the Minister of National Health and Welfare.

Mr. Rynard: Mr. Speaker, I will follow the advice of the Solicitor General and ask the Minister of National Health and Welfare whether the government—

Mr. Speaker: Order, please. I suggest it is not necessary to repeat the question.

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have listened to the question and I shall be glad to give it careful consideration.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to ask the right hon. Prime Minister what steps he is taking to rectify, and I quote the words, "the failure of resolve and the absence of courage" used in St. John's, Newfoundland yesterday by the Minister of Justice when describing one of the difficulties in making confederation function properly?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, he must have been referring to the opposition.

Mr. Robert McCleave (Halifax): Mr. Speaker, will the right hon. Prime Minister, on behalf of all Canadians, submit to the C.B.C. the hope that any Stanley Cup hockey game on Saturday, April 6, be videotaped and presented later that evening should it conflict with another sporting event on that date?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we are doing our best to see that these two great national events do not conflict with each other.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, is the Prime Minister not aware that the C.B.C. has already announced its intention to carry the game regardless?

Mr. J. N. Ormiston (Melville): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In view of the statement made by the Sioux Indians of the Griswold reserve, Manitoba, that they may have to seek foreign aid if government policy does not change, could I ask the minister whether he is aware of the source they are going to tap.

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

NIGERIA—CANADIAN EFFORTS TO END CIVIL WAR

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, yesterday I directed a question to the Prime Minister in respect of the government of Biafra, as to whether senior officials of the Department of External Affairs had been instructed not to meet with representatives of that country. Does the Prime Minister have the answer to that question today, as he indicated yesterday he might?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I am informed there is no instruction under which officials of the Department of External Affairs are not to meet

senior representatives of the so called secessionist region of Biafra. It is, however, customary in normal circumstances to hold official discussions with representatives of the government that is recognized. In the Nigerian situation the only government recognized by Canada is the government at Lagos. This does not apply to informal or unofficial talks between Nigerians from Biafra and members of the Department of External Affairs.

There have been two efforts to arrange these talks. If they were not successful this was not because of instructions issued to that effect, but because the officials concerned were not able to meet the representatives at the time requested.

Mr. MacDonald (Prince): Mr. Speaker, on Friday I inquired whether our government had made representations at the United Nations to have the human rights commission travel to Nigeria to investigate the validity of either government, and the terrible situation in respect of the thousands of deaths which have occurred there in recent months. Has the Prime Minister ascertained whether we have been pressing for such action?

Mr. Pearson: I have made inquiries in this regard but I have not received that information as yet. If I should receive it after the house has recessed I will send it to my hon. friend.

INQUIRY AS TO DIPLOMATIC RELATIONS WITH THE VATICAN

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister, and I promise him it will be my last question this week regardless of what may happen. Without presuming to suggest any further contributions he might make to international comity before a certain event in April, may I ask the Prime Minister whether active consideration is being given to the establishment of full diplomatic relations with the Vatican state?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think it was about four and a half years ago when I said this matter was under consideration.

FISHERIES

SEALING—REQUEST FOR COMPREHENSIVE STATEMENT

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I intended to direct a question to the Minister of Fisheries. In his absence perhaps another government member will take it as notice. Having in mind the reports and pictures appearing in the British press this morning which amount to a rebuke in respect of alleged barbarous sealing methods in Canada, will the minister or the government consider making an early comprehensive statement on the actual situation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have already noticed these reports, as I am sure other hon. members have, and I have made inquiries.

HARBOURS

BRITISH COLUMBIA—DEVELOPMENT OF PORT AT ROBERTS BANK

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, in view of the great urgency and implication to all ports in Canada, will the Minister of Transport indicate when he will be making an announcement about the Roberts Bank development?

Hon. Paul Hellyer (Minister of Transport): Mr. Speaker, I have already made an announcement. The work is proceeding in order, and we will be able to call tenders soon so this great new deepwater port will be available by the end of March, 1970 when the contract with the Japanese comes into effect.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I should like to ask the minister whether full and continuous consultation has been had with the government of the province of British Columbia.

Mr. Hellyer: We are consulting fully and frequently with that government, Mr. Speaker.

AGRICULTURE

TURKEYS—REQUEST FOR PROTECTION FOR CANADIAN PRODUCERS

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, since the Minister of Agriculture has an urgent appointment in Regina I should like to direct my question to his parliamentary secretary, who might take it as notice. Will the minister make a statement regarding his department's policy to protect Canadian turkey producers against outside influences detrimental to the local industry?

COMMONWEALTH RELATIONS

SUGGESTED MEETING OF COMMONWEALTH FOREIGN MINISTERS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to ask the Prime Minister whether the government will give consideration to the constructive suggestion put forward by Principal Escott Reid that following the Commonwealth prime minister's conference Canada should invite the foreign ministers of the Commonwealth to meet to discuss foreign aid, Viet Nam and a number of other serious international issues?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have already been in communication with Mr. Reid about this subject. Following his statement I said I thought this was a constructive suggestion, as my hon. friend has said. I hope someone will be able to follow it up.

HOUSING

POSSIBLE WITHDRAWAL OF INSURANCE COMPANIES FROM HOME MORTGAGE FIELD

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question that I wished to direct to the Minister of Finance, but in his understandable absence I should like to ask it of the right hon. Prime Minister. The question arises from a statement by a spokesman for the life insurance companies that they were considering getting out of the mortgage field for single dwellings, for homes, and leaving that to the banks. I ask the right hon. gentleman whether the government have taken note of this statement, the implementation of which would result in a further lessening of funds available for housing, and what they contemplate doing about it.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I shall have to make inquiries. I have not seen that statement.

INQUIRY AS TO INTEREST RATE FOR 1968 SECOND QUARTER

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the parliamentary secretary to the President of the Treasury Board whether he is in a position to answer my question of yesterday regarding N.H.A. interest rates.

Inquiries of the Ministry

Mr. J. E. Walker (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, the maximum interest rate that may be charged on N.H.A. loans in the second quarter of 1968 will be established on April 1 by the application of a formula which works automatically. This rate is the average long term government bond rate for the last four Wednesdays in March, plus 2¼ per cent. Section 4 of the National Housing Act provides the basis for this formula.

HOUSE OF COMMONS

CONGRATULATIONS TO THREE MEMBERS WHO HAVE SERVED 28 YEARS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to address a question to the Prime Minister and ask whether he has been reminded that the hon member for Algoma West (Mr. Nixon), the Minister of Public Works (Mr. McIlraith) and the right hon. member for Prince Albert (Mr. Diefenbaker) were first elected to this chamber 28 years ago today.

Some hon. Members: Hear, hear.

Right Hon. L. B. Pearson (Prime Minister): I wish I had been reminded of it, Mr. Speaker, because then I might have been able to do justice to the importance of the occasion and the service rendered to this house over those years by these three distinguished members of the House of Commons.

Some hon. Members: Hear, hear.

DRUGS

REQUEST FOR INVESTIGATION INTO PROPOSED PRICE INCREASE

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I have a question I should like to direct to the Minister of National Health and Welfare and—or the Minister of Consumer and Corporate Affairs. It has to do with today's report that consumers are facing a drug price increase in April, in line with new price lists from manufacturers. Will the ministers look into the situation, which underlines the need for new drug price legislation?

Hon. Allan J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker.

Inquiries of the Ministry

AGRICULTURE

PRINCE EDWARD ISLAND—REQUEST FOR ACREAGE ASSISTANCE PAYMENTS

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, I wonder whether the parliamentary secretary to the Minister of Agriculture is in a position to answer my question of yesterday and a question asked on Thursday relating to assistance to Prince Edward Island potato growers.

Mr. Bruce S. Beer (Parliamentary Secretary to Ministe rof Agriculture): Mr. Speaker, I am not aware of any representations having been made. I will ascertain whether this has been done and inform the hon. member.

[*Translation*]

SUGGESTED INCREASED COMPENSATION FOR SLAUGHTERED CATTLE

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I would also like to direct a question to the parliamentary secretary to the Minister of Agriculture.

Is he in a position to answer the question I asked him yesterday?

[*English*]

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am not in a position to answer that question.

TELEVISION

INQUIRY AS TO UHF REQUIREMENT IN NEW SETS

On the orders of the day:

Mr. Robert Stanbury (York-Scarborough): Mr. Speaker, I have a question for the Minister of Transport. Could the minister inform the house whether regulations have now been issued under the recent amendments to the Radio Act, or whether they will be issued promptly, to require an ultra high frequency capability in all new television receiving sets sold in Canada?

Hon. Paul Hellyer (Minister of Transport): Not yet, Mr. Speaker, but I am making a proposal to the government within a few days. It will be my recommendation that this be the case, but it will have to be considered by the government and an announcement will be made in due course.

[Mr. MacEachen.]

COMMUNICATIONS

INQUIRY AS TO SATELLITE TRANSMISSION PROGRAM

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): A supplementary question, Mr. Speaker. In a similar connection could I ask the minister how the cabinet study on space satellites is coming along, and when we may expect a report on that matter.

Hon. Paul Hellyer (Minister of Transport): It is coming along very well, and on behalf of the minister in charge, the Minister of Industry, I would say there will be a statement forthcoming in a day or two.

Mr. Bell (Saint John-Albert): Wouldn't the minister like to make a statement on one thing during his tenure as Minister of Transport?

Mr. Hellyer: My hon. friend has not been listening carefully.

FINANCE

REPORTED OUTFLOW OF CANADIAN INVESTMENT FUNDS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Acting Minister of Finance or, if there be no such person, to the right hon. Prime Minister. I should like to ask whether the minister's attention has been drawn to the statement by the president of the Montreal Stock Exchange that Canadian investment funds are draining out of the country at critical rates. I should like to ask whether the government accepts this as an accurate statement.

Mr. Speaker: Order, please. The question is out of order.

Mr. Schreyer: Mr. Speaker, I wonder whether I might have your permission to rephrase my question and ask the Prime Minister whether the government is considering any special course of action to deal with the problem of the critical outflow of Canadian investment funds.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would not like to have it assumed, in answering that question, that I accept as a fact that there is any such critical outflow. I will be glad to look into the matter.

SUPPLY

The house in committee of supply, Mr. Tardif in the chair.

The Assistant Deputy Chairman: Order. House again in committee of supply on supplementary estimates (C) for 1967-68. Department of National Health and Welfare, vote 20c.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

20c. Administration, Operation and Maintenance, $2,450,000.

Mr. Knowles: Mr. Chairman, is this the point at which the Minister of National Health and Welfare is going to make a statement regarding health service for Eskimos and Indians?

Mr. MacEachen: Mr. Chairman, I have a very brief statement to make in this connection. As the hon. member for Peace River mentioned, I had the occasion over the week end when out west to meet a number of groups of Indians, and my words had a very calming effect on the groups I met there. I hope they will have the same effect this afternoon on this committee of supply.

I wish to make a very brief statement. Hon. members and others have raised the question of services in the divisions of Indian and northern health, and I promised hon. members that I would review the situation and make a statement. I would like to do so at this moment.

The government has had an opportunity to review the matter of Indian and northern health services raised by hon. members and others. As has been mentioned before, the funds made available for these services in the estimates for the fiscal year 1968-69 are greater than those of the current fiscal year. I can also assure hon. members that services now being provided will be continued in the coming fiscal year and will not be permitted to deteriorate.

If in the coming year it becomes apparent that the level of medical services currently being provided cannot be at least maintained, taking into account population growth and rising costs, the government gives the assurance that funds will be provided for this purpose. My officials have been asked to review all directives to ensure that it is quite clear that in the next fiscal year individual Indians and Eskimos will receive the same consideration and treatment by the department with regard to health services as they have received this year.

The Indian and northern health services directorate is checking with its regional directors to ensure that any directives which may have emanated from them and which do not pursue this policy will be amended so that any misunderstanding about this matter will be quickly cleared up.

Mr. Diefenbaker: Mr. Chairman, the minister referred to any directives that did so emanate?

Mr. MacEachen: Yes.

Mr. Dinsdale: Mr. Chairman, we were interested to hear the statement of the minister on this important subject. I think the first question asked about this matter was on March 7 last. At that time I suggested to the minister that if it was his intention to curtail health services to our native Canadians, as had been indicated from many sources, he was placing the wrong stress on priorities. We also urged that the minister should make a statement immediately so the confusion that had been referred to by the hon. member for Northwest Territories and the confusion that was reflected across the country might have been dissipated immediately. Unhappily the minister has chosen to wait until the eve of the implementation of the cut-backs before making a statement that will help to clarify the issue.

• (3:20 p.m.)

My question arose because of a debate that had taken place in the council of the Northwest Territories during the latter part of February, when members of council as well as the director of northern health services, Dr. Butler, indicated that substantial cut-backs in health services were contemplated. This course was being pursued in the face of the drastic health problems confronting our Eskimo and Indian population and was bound to bring serious protests such as those we have witnessed during the past few weeks.

The minister's statement today was brief. I only hope it has removed some of the specific that were outlined in the directives that were sent from the Department of National Health and Welfare across the country. I want to read excerpts from some of these directives, and I want to get the minister's assurance that the policy has been changed; because I think if we are going to deal with the protests that have been aroused, not only in this house

but amongst the Indians and groups of citizens in every walk of life, we have to have assurance that the recommendations that went out from the offices of the health and welfare department have been rescinded.

I should like to refer to a directive that went from the Department of National Health and Welfare Edmonton office on March 4, which reads in part:

> The basic policy of our department is that there is no statutory federal responsibilty for our department to provide funds for personal health care service for Indian people.

Is this still the attitude of the minister? As the right hon. member for Prince Albert pointed out yesterday, while there might not be a statutory provision there is certainly provision in the treaties, particularly treaty No. 6, the so-called medicine chest provision, which has operated until this directive was issued a few weeks ago.

Then the memorandum went further and stated:

> This year our resources to assist Indian people toward payment of medical care costs, hospitalization, transportation to and from medical centres, pharmacist accounts is being reduced and our department will assist only in those instances where the Indian people can demonstrate that they do not have private resources, cannot obtain assistance from their band or from a provincial welfare or health agency.

I trust that the statement the minister made today has reversed that decision, which is quite contrary to the principles of justice and morality in so far as the treatment of our first citizens is concerned. In this memorandum there was even a note with regard to tuberculosis, one of the great killers of our native population. I read this from page 2:

> With respect to control of tuberculosis, our instructions read as follows:
> From April 1, 1968, it will be necessary to share increasingly with provinces the control of tuberculosis.

The memorandum even applied to mental illness, and reads:

> It will be necessary from April 1, 1968, to cease active case finding among Indians.

Then on page 3 of the memorandum I read this:

> Budgetary controls will be imposed on physicians providing services to Indians. It is to be hoped Indian people resident on reserves would not continue to be excluded from the Alberta health plan, as I understand they are at the present time.

The implication there, of course, was that the burden is to be thrown to the provincial governments. In addition I received a directive that went out to each of the chiefs of the band councils across the country. These directives contained the same specific instructions that health services were to be curtailed. The one that went out from the district national health and welfare office in Manitoba on March 6 reads as follows:

> Due to the financial crises faced by the government of Canada, it has been necessary for parliament to curtail the funds allowed to the Department of National Health and Welfare.

I hope that impression has been corrected as well, because it was not parliament but the government of Canada that was curtailing the funds. As the hon. member for St. Hyacinthe-Bagot reminds me, it was the Liberal government. These are the specific instructions that were received by the Indian chiefs and councillors across the country which resulted in the unhappy protests we have heard all across the nation during the last few days.

The latest meeting took place in Winnipeg last night. I had intended to be present at that meeting, where an overflow crowd of more than 200 citizens met to protest the government's action. As I say, I had intended to be there but unfortunately the N.D.P. filibuster in Ottawa kept me away from that meeting. We were not able to get first hand information of what took place, but radio reports indicated the people were protesting as strongly as the various Indian groups across the country over the inequity and injustice of this change in health program.

What happened, of course, resulted from the typical lack of communication between the various departments of this government, as well as the complete failure to consult with the provincial authorities upon whom the minister and the Department of National Health and Welfare were trying to unload the burden of health care for Indians. This is one of the great areas of neglect in dealing with our native Canadians at the present time, the lack of communication and the lack of consultation.

I asked the minister of Indian affairs if he had been aware of the directives, but he knew nothing about them. He is the minister responsible for protecting the interests of our Indian and Eskimo population. It is little wonder, Mr. Chairman, that the Indians persist in their view that a credibility gap exists and that the white man speaks with a forked tongue. I hope we might open consultations and negotiations with the provinces so that if there is a desire on the part of Ottawa to shed this traditional obligation, it will not be done in an arbitrary way but will be the

result of what the Prime Minister used to call co-operative federalism. Consultation has been repeatedly requested by the premiers of Alberta and Manitoba. I hope that to avoid further fiascos of this kind, meetings between Ottawa and the provincial governments on Indian affairs will proceed at the earliest possible opportunity.

• (3:30 p.m.)

I urge too that the committee on Indian affairs be reconstituted so that it can come to grips with some of the problems that have been brought into the limelight as a result of this piece of government foolishness during recent weeks. The parliamentary committee on Indian affairs has not met for over a year. It was supposed to be reconstituted, and the promise was made that it would be reconstituted at an early date in the session now under way. I have a Canadian Press dispatch before me dated March 18, 1967 which reads as follows:

> The Commons Indian affairs committee agreed Friday to call officials of the St. Lawrence Seaway Authority before it to answer Indian complaints that the seaway did not live up to agreements under which it acquired reserve land nearly 10 years ago.
>
> Chairman Milton Klein (Lib.) Montreal-Cartier, said that if complaints the committee heard last month were true, and he thought they were, "this situation is scandalous."

The article went on:

> Most of Friday's session was spent discussing the need for visits to Indian reserves across the country.

As I say, Mr. Chairman, this article was written over a year ago. Yet we wonder why the Indian population is disenchanted.

Mr. Barnett: Mr. Chairman, would the hon. member permit a question in connection with the remarks he has just been making? Does he not recall that the committee actually had laid on a schedule of visits to reserves in British Columbia which for some unknown reason was suddenly cancelled?

Mr. Dinsdale: Yes, Mr. Chairman. This is the point I am making. If the Indians resort to whining and complaining, as the minister of Indian affairs accuses, then they have every reason to do so because their fundamental problems are not being dealt with by the present government.

Although there were no specifics we were pleased to hear the minister's announcement. I only hope the action that follows will not result in further accusations of "double talk" on the part of the government, which has led to the spirit of disillusionment and which, as I have already intimated, causes our Indian friends to say: "White man speaks with forked tongue".

Mr. Rynard: Mr. Chairman, I should like to address a few questions to the Minister of National Health and Welfare. First of all, in view of the fact that national medicare is coming into operation on July 1 I should like to know what is going to happen in regard to medical care for Indians in those provinces that are financially unable to go along with the federal medicare policy. For example, is the government of Ontario going to have to pick up the tab for all care for Indians after July 1? Under the present OMSIP regulations all Indians in the province in receipt of social security would qualify for medical care which is paid for by the provincial government. Those on low incomes—and the Indian is not a high income earner—would also have to receive subsidized medical care or the province would have to pay for the care in full. This is going to throw an additional burden on all provinces that do not adopt medicare if the minister does not pay to the province the medical care insurance premium in that province.

In addition, what is going to become of all the Indians in the province of Ontario, or in any other province for that matter, cared for by doctors who are under contract with the federal government? Incidentally, may I compliment the minister on the cheap rate he has obtained for most of these medical services. I recall one doctor telling me that he received the princely salary of $250 a month. This covers all services except those that are highly specialized. In this particular case the reserve was 17 miles from the town where he lived and he had to cross two miles of water to get there. He answers calls seven days a week, emergency calls, office calls and so on. There are almost 500 Indians on the reserve so it really constitutes a village. If in some way or other the minister discontinues these contracts, what will become of the Indians?

Second, does the minister not feel that in a great many cases these doctors should have some relief? For example, they have no holidays, they cannot accrue time and they are not on pension. In the province of Ontario OMSIP costs about $10 a month. If you divide 500 Indians into a salary of $250 a month in the case I have cited, I think you will agree,

Mr. Chairman, that they are getting their services fairly reasonably. Figured out, it probably amounts to less than half the cost of medical insurance. I think the minister should consider this matter and discuss it with the provincial ministers of health in those provinces that are not implementing medicare.

On the whole, Mr. Chairman, hiring these doctors not on a fee for service basis but on a monthly salary has proven quite efficient. It has guaranteed the Indians services that they would probably have difficulty obtaining in view of the scarcity of medical doctors in Canada today. However, when the day comes for these doctors to retire or they are retired by the government, how is the minister going to guarantee medical services to Indians who are living a long way from any town? Even people living in cities today emphasize over and over again the difficulty of getting a doctor on a Saturday, Sunday or holiday. Most of them have to go to the hospital itself for treatment. This is certainly a backward step in the provision of service to the Indian people.

I should also like to ask whether the minister has had any communications with or met the presidents of medical associations, the universities, the medical schools and the provincial ministers of health about what can be done to keep medical shools in operation during the summer holidays. Canada is short about 2,000 medical practitioners, and this is a crisis indeed. There is simply no good reason why the Canadian people should put up with the medical services that exist today. As I say, over and over again we hear of people having to go to hospital emergency departments in order to get care at all.

I say this is not good enough. The Canadian people are financing our universities and medical schools, and I suggest they should receive the services to which they are entitled. If we took advantage of closed circuit television in our teaching schools we could produce one and a half times the number of doctors graduating today by operating our medical schools all summer. You just cannot blame the overworked doctor for the service people are getting today.

• (3:40 p.m.)

I am bringing this to the minister's attention because we have a medical crisis, and when one sees what has been done during the last three or four years one realizes that nothing much has been done to solve it. I also wish to ask, what is to happen to our Indians? Who is to pay their OMSIP premiums?

[Mr. Rynard.]

Mr. Douglas: Mr. Chairman, it is a tribute to the social conscience of the Canadian people that I am able to point out that not for a long time have we seen such a public outcry from all sections of the Canadian population resulting from the announcement that there are to the serious curtailments of medical services to Indians. I have received telegrams from the heads of the churches, from doctors, and from those who are interested in Indian and Eskimo problems. It is quite apparent that Canadians have been disturbed by the reprehensible action taken by the Department of National Health and Welfare in contracting or reducing the health services which are available to the native people of Canada.

I do not know of any question on which the government has waffled and dissembled more. Last Friday, in the legislature of Alberta, the premier of the province read a communication he had received from the Prime Minister in answer to a wire which Mr. Manning had sent to the Prime Minister complaining about the curtailment of medical services to the Indians. I have not been able to get the Prime Minister's reply, although I asked for it to be tabled. On orders of the day the Prime Minister intimated what was in the telegram. According to press reports the telegram intimated to Mr. Manning that everything would be cleared up to Mr. Manning's satisfaction, and to the satisfaction of everybody who was protesting the curtailment, once the Minister of National Health and Welfare had made his statement, and that the minister had not made his statement because he was being held up by members of the New Democratic party who were preventing the minister from making his statement.

Every member of the house, including the Prime Minister, knows perfectly well that when supplementary estimates are before this committee the government at its discretion can call any department it wants to. At any time last week the government could have called the Department of National Health and Welfare and the minister could have made his statement. The fact is that the minister has delayed making his statement, hoping that the storm would die down and that he could allow the department to pursue its original, intended policy of curtailing these services substantially.

The minister has never come clean with the house on this matter. Having been asked questions by the hon. member for Brandon-Souris and Northwest Territories and by

myself on Thursday, March 14, the minister said, as recorded on page 7608 of *Hansard* in the upper left hand corner:

I should like to say that the funds available for health services in the north for the forthcoming year will be as great as in the preceding year if not slightly greater.

Of course, to some extent that statement is misleading because the minister failed to take account of three factors: first, that in that period of time the cost of providing health services had increased substantially; second, that the native population had also increased considerably and, third, that the department, as I am told, overspent its expenditures for this purpose by about $400,000. For the minister, therefore, to assure the house that nothing unusual was happening because, to use his words, "funds available for health services in the north for the forthcoming year will be as great as in the preceding year if not slightly greater", does not answer the question whether the government is planning to curtail health services to our native people. If the minister had made the kind of statement then that he has made now he would have saved the native people of this country a good deal of heartache, the members of the house a good deal of time, and many in Canada much concern.

The minister's statement needs clarifying. Let there be no doubt about what the Department of National Health and Welfare intended to do. The minister was asked to table the directives that were sent out and he said he would consider that. I do not think he has tabled them yet. If he has, I have not seen them. The directives are interesting. I have in my hand a directive dated March 6, 1968, from the Department of National Health and Welfare, medical services branch, Manitoba zone. It is signed by Dr. K. Bridge, Dr. J. P. Harvey, Dr. E. Otke and Dr. A. Y. Eng. It begins by saying:

The federal government, as you know, has been forced to reduce many of its programs and the resources available for health services for Indian people has also been greatly reduced.

It goes on to say:

—we must ask all those Indian people and bands who have a source of income to pay for their own health services, namely:—doctors, druggists, hospitals, and to pay for their own transportation. If an Indian person cannot pay for such services, he should first of all request his band for assistance; if such assistance is not available from the band or provincial welfare agencies, the Indian person must obtain a statement from the welfare agency to the effect that he actually requires assistance to pay for personal health services and present this statement to a doctor, druggist, hospital before receiving service, otherwise the Indian person will be billed for such services.

Farther down the directive goes on to say:

Indian bands that have funds must make their own arrangements for the purchase of treatment services either by paying local physicians directly or by arranging to take part in medical insurance programs.

Another paragraph says:

The bands should establish health committees whose duty it would be "to determine what Indians of the band are medically indigent". These committees should meet at regular intervals in order to keep their records of indigents up to date.

The last paragraph but one says:

Medical services branch staff will continue to assist Indian people in improving their health as much as we are able within the limits of the reduced resources allocated to us. We would be remiss if we did not point out the problems facing us today and in the future.

Another letter sent out by the Manitoba zone of the medical services branch, Department of National Health and Welfare, also under date of March 6, 1968, says:

Due to the financial crises faced by the government of Canada, it has been necessary for Parliament to curtail the funds allowed to the Department of National Health and Welfare.

This is an interesting observation to come from that department because, so far as I know, parliament has not curtailed the funds. On March 6 parliament had not even discussed the matter of funds for this purpose. So the responsibility for any curtailment of funds must be borne by the government.

I have in my hand a memorandum sent out last November 23, 1967, signed by the director of Indian health services in the Department of National Health and Welfare. It is addressed to the chief, and says:

• (3:50 p.m.)

Dear Chief:

There has been some misunderstanding as to what Indians in our zone are entitled to medical services. I would like to make it quite clear that our Indian health services are for indigent Indians only.

Farther on the letter says:

Any indigent treaty Indian who has left the reserve for a year no longer comes under our jurisdiction. He becomes the responsibility of the provincial welfare department.

The curtailment of services has not been confined to cases where no indigency is involved. It has been applied to personnel and also to the facilities which provide health

services for the population. Dr. Gordon Butler, who appeared before the council of the Northwest Territories as a witness, is quoted as saying the following on February 20:

> Severe cuts are necessary to make up $250,000 of wages for medical personnel. Federal grants fall into two categories—operations and salaries. A shortage of funds for salaries means money will have to be trimmed from existing operations. Every frill will have to be cut out from the program. Under the present budget I have to treat 175 T.B. patients with the same money I would need for 115. Trimming will take place through closure of a ward in Inuvik; reduction of the medical staff at Inuvik and Frobisher; withdrawal of a dental officer at Inuvik; closure of the Fort Laird nursing station; elimination of 75 per cent of visiting specialists.

I think the minister owes the committee a much more definitive statement than the one he has made this afternoon. Are these cuts referred to by Dr. Gordon Butler to be reinstated? Does the government still intend to close a ward in Inuvik? Is there to be a reduction of the medical staff at Inuvik and Frobisher? Does the government intend to dispense with the dental officer at Inuvik? Is the Fort Liard nursing station to be closed? Has the government decided to reduce visiting specialists by 75 per cent?

I can understand why the council of the Northwest Territories was thrown into consternation when these statements were made by Dr. Butler. I think the council, the members of this committee and the public generally will want some assurance from the minister this afternoon that the curtailment of services will now be reversed and that there will be no contraction of medical and other health services to the native population.

I was glad to hear the minister say that the same standard of services will continue. I want to be clear about what the minister means by this. Is he saying that the same level of services will be maintained in the coming fiscal year as in the past? This is what we need to know. The hon. gentleman told us that as much money will be spent or even slightly more. That does not answer the question. Estimates for a health service cannot be considered on the same basis as estimates for running an office; they cannot be estimated accurately to the dollar. What the department has to do is to determine the level and extent of the health services it will provide and attempt to estimate the cost of providing such a service. But if an epidemic occurs, or there is a greater amount of illness in that year than in another, the estimate must be revised.

[Mr. Douglas.]

Those who provide health service for Indians and Eskimos in the northern part of Canada cannot say to applicants: We are sorry, we have used up all the money the government has allocated; you must help yourselves.

I notice that in the Winnipeg *Free Press* of March 11 Mr. Shaun Herron, in one of the articles he wrote on this matter, said:

> The word is out to officers of the service that anyone responsible for exceeding budget figures will be in serious trouble. It should be understood what this means in human terms.

I agree with Mr. Herron. If it is true that the word has gone out from the department to the government's health services in the north that people will be in trouble if they exceed the amount of money allocated, then the government will find itself in serious difficulty having jeopardized the lives of many of the people who are committed to its care. The government may allocate certain funds to this service and it is true they may be as large as they were in the previous year. But if a child is sick, if a community needs increased medical services, if a greater amount of hospitalization is required, then the medical officers of the department cannot say to the Indian and Eskimo people: We are sorry but we have used up our allotment for the year; you will have to get along as best you can.

Allocations for health and medical services must be flexible. They must approximate what the department thinks is needed, but I wish to get an assurance that apart from any sums of money the minister may be asking parliament to approve today there will be no diminution in the level of service, no reduction in the standard of service, no discontinuation of any of the health services which have been in operation in the past.

The directive I read a few moments ago raises a much more fundamental question, one which we have no time to discuss fully today. It is: what is the responsibility of the federal government with respect to medical care for Indians? The right hon. member for Prince Albert raised the matter yesterday on the orders of the day when he spoke of treaty No. 6 under which the Indian people consider they were given a commitment. This commitment was that a medicine chest would be kept at the house of each Indian agent in case of sickness among the Indians. They have taken this as a commitment that all treaty Indians are entitled to the health services which they require.

• (4:00 p.m.)

I know there has been a great deal of dispute as to the legal obligation which rests upon the federal government with respect to medical care for Indians, but I submit, that there is also a great deal of legal dispute with reference to land claims, and these have not been settled. I reject the federal government's right to settle either of these legal questions unilaterally. Until the matter of land claims has been settled and the people of this country are satisfied that the Indians have been treated fairly and equitably with reference to their land claims, the government has no right to change the rules with respect to health services for the Indian people.

We all hope the day will come in Canada when the Indian people will have received sufficient education and will have been absorbed into the mainstream of Canadian life, will have jobs and incomes and will have health services like other people by being able to make their contributions to a provincial or national medicare plan. Until that is true, until the Indians are able to earn wages comparable with those received by their fellow Canadians, until they are able to finance their way, I maintain that the federal government has a very definite responsibility with respect to health services for the Indian people.

If the government is hard pressed for money it seems to me the last place that there ought to be any curtailment or any cheeseparing is in carrying out our obligation to provide health services for the Indian and Eskimo people. The government, of course is trying to curtail expenditures, and that is understandable. Last night the Minister of Transport said that those who voted against the tax bill automatically voted to cut expenditures. I do not want to get into a debate on that but I remind the government that the members of this party put proposals before it which could have raised more money than it is raising at the present time without increasing taxes on the income tax payer. We said that by implementing some of the recommendations of the Carter report the government could actually have cut income taxes by making some of the freeloaders pay the taxes from which they are now exempt.

If the government has to curtail expenditures there are other places it might look than at this rather meagre sum which we are spending on our native people. The other day the government indicated that we are going to overhaul and re-equip four destroyers at a cost of some $50 million apiece. This is an item that might be re-examined in the interests of economy. Further, one strongly suspects that some of the military planes we are purchasing from the United States will be obsolete when we get them. The government might re-examine these purchases. Some $215 million is going into that expenditure.

The point I want to make is that if the government must reduce expenditures, in the name of decency and in the name of justice the last place we ought to reduce them is in our expenditures for the most defenceless and helpless group in our society, the Indians and the Eskimos whom we have treated shabbily enough in days gone by. Let us not make them the first victims of any economy measure the government must carry out.

Therefore, Mr. Chairman, when the minister is replying I ask that he give us the assurance his statement this afternoon means that there will be no reduction in the level of services or the standard of services and that there will be no closing or discontinuance of any of the health services and health centres that are now in operation. If we can get that kind of assurance then I think all the furore that has been kicked up over this problem will have been worth while. I think that the people in all parts of Canada who have protested against this proposed curtailment in health services for our native people will feel their protests have not been in vain.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I will be brief.

Indian affairs have been discussed as well as improvements to be made in our economy to meet more and more the needs of the Indians. We are not against the Indians but we would like to help everybody.

I feel, Mr. Chairman, that during this session and since the Liberals took office, not much thought has been given to the family which is the basis of our society. No protection has been given to the family but it has been taxed in all kinds of ways: sales tax on building materials and goods, direct and indirect taxes. The family is faced with one of the most serious problems in our history: the lack of money.

Mr. Chairman, the rate of family allowances, established at $6, $7 and $8 per month in 1944, has remained at approximately the same level, while the cost of living has

multiplied by four, eight, twelve and even fourteen.

Mr. Chairman, it is illogical that in a country like Canada which produces in abundance, a reasonable purchasing power cannot be distributed to the families, which would enable them to live, to flourish, to get what they need as far as housing, food and clothes are concerned. Families are deprived because they do not have the necessary purchasing power, and instead of being provided with more, it is deprived even more.

The goods are there, but the families who go into the stores to buy cannot use up all that is produced. In fact, stores restock themselves faster than families can empty them.

Mr. Chairman, it is illogical, in a country such as ours, to do nothing for the families, the mothers and especially society's future generations.

If there were no families, Mr. Chairman, we would have no federal, provincial or municipal governments, nor any institutions. All those institutions are in existence because there are families. Do you think that society, the government and institutions would continue to exist without the family? We should lead the way and enable the family to live decently, with the help of all the technological progress accomplished in past years.

Mr. Chairman, twenty years ago, in 1948, the Canadian government could carry on its administration with a $2,195 million budget, while paying a $6 monthly family allowance for children six years old. Today, in 1968, even with a budget of approximately $10 billion, a child of six is still entitled to a $6 monthly allowance. Since our budget has increased fivefold, family allowances should be raised accordingly to $30 monthly. I am adamant on this point, it is only logical. It is also one of the prime requirements of social justice and the recognition of human rights, as recommended by the Universal Declaration of Human Rights adopted by the United Nations on December 12, 1948, that is, twenty years ago.

Mr. Chairman, 23 years ago, that is in 1945, Canadian national production amounted to $12 billion. Today, in 1968, it is worth $68 billion, that is more than five times that of 1945. In 1945, we paid $6 a month in family allowances for a child six years of age in his normal home. Today, in 1968, we are still paying $6 a month for a six-year old child, in his normal home, $60 or $80 a month in a foster home; and over $120 a month in an orphanage or in a reformatory.

In 1944, the year the government adopted the Family Allowances Act, the members' indemnity was $4,000 a year, including expenses. Today, that indemnity has reached $12,000 a year, plus an additional $6,000 for expenses, while six-year old children still get the same rate in family allowances, that is $6 a month. We deemed it advisable to increase our indemnity and our allowances with the increase in national production, but we have neglected to do the same thing for family allowances.

Mr. Chairman, in 1944, our old people in need could receive $20 a month from our governments. Today, that amount can now reach $105 a month, that is five times more.

• (4:10 p.m.)

[*English*]

The Chairman: Order. I feel I have allowed the hon. gentleman to go as far afield as I can permit him to go. I think the remarks he is making now could not be considered appropriate under vote 20c. Vote 20c has to do with medical services. Perhaps the hon. member for Compton-Frontenac would confine his remarks to that particular topic.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I thought we were considering the estimates of the welfare branch. If we are dealing with medical care, that is something else again.

I shall therefore sit down, reserving the right to rise and speak on families in due time.

[*English*]

Mr. Orlikow: Mr. Chairman, I do not know whether the minister is standing behind the curtain or has left on urgent business. I should like to tell him, however, that while we do not intend to prolong the debate unnecessarily the two-minute statement he made in which he assured hon. members that everything was of the best in all possible worlds is just not good enough. The directives which have been placed on the record by the leader of our party and by other members must have come from some place. Since top officials in charge of health services have said to Indian patients, to officials and to people involved in health services that the funds are to be cut and that past practices are not to be followed, before this item is passed the minister must explain in detail precisely why these statements have been made. If, as the minister says, there has been no cut-back in the amount available for

health services and indeed there is more money available than there was last year, why have the specialists who work for the department and the Indian patients unanimously come to the conclusion that in fact there is to be a sharp reduction in health services? I wish to advise the minister that despite the fact he is busy with other matters we will not let this item pass until we have specific answers.

I do not want to repeat everything that has been said but I do think we should take a look at the situation. At the present time government expenditures are going up very sharply and a former minister of justice, Mr. Chevrier, is on a special mission on behalf of the Secretary of State for External Affairs to the French speaking nations in Africa where he is promising very sharp increases in the amount of aid which Canada will give to those countries. I am not objecting to these increases in aid. I believe that Canada, one of the wealthiest countries in the world, ought to do more than it has done and is doing. However, at the same time that this policy is being followed we hear from the most important officials of the minister's department that the policy of the government, I presume on instructions from the minister, is that these health services are to be cut.

Let us keep in mind that we are talking about people whose health standards are not similar to those of the Canadian people as a whole. The health standards of these people are as poor or worse than those of the people who live under the worst conditions in Asia or Africa. Let us keep in mind also, as Dr. Butler, the regional director of northern health services in Edmonton, said in November, 1967, that we are dealing with a group of people where the death rate among children under one year of age is 63.8 in 1,000 persons while the death rate among these children for all of Canada is just 23.6. In other words, the death rate is three times as high in respect of these people than in respect of the people of Canada as a whole. I should like to quote what Dr. Butler said in an interview as reported in the Edmonton *Journal* of November 17, 1967. Despite what the minister told us, he said:

> Health services in the Northwest Territories will have to be curtailed despite rising rates of disease and death.

The report continued:

> He said a lack of federal funds "makes nonsense of any constructive planning" and that it appears health services "will be faced with this continuing problem for years ahead."

> The doctor stated a rate of 108 Eskimo infant deaths per 1,000 births bothers him and, although it has reduced appreciably over the past four years, it is still three times higher than the Canadian average. The territorial and federal governments share the cost of northern health services upon ratification of the federal territorial finance committee.
>
> He said that shortages of federal funds occurred each year of the 1962-67 plan and that his office tried to avoid a repetition of the problem. A paragraph in the existing plan insuring federal funds had been deleted by the financial committee.

• (4:20 p.m.)

I think the minister should explain how Dr. Butler is wrong if he is. After all, Dr. Butler is the senior health officer of the department in the Northwest Territories. Although this has already been referred to, I should like to quote one line from a directive issued by the Manitoba zone of the Department of National Health and Welfare, medical services branch, on March 6, 1968. When we look at these directives we are not surprised that the minister constantly refuses to put them on the record. They make a mockery of everything he has said today and are an indictment of this so-called left wing Liberal who wants to give progressive leadership to the country as a whole. They show that there is no difference between a left wing Liberal such as the minister and a right wing Liberal minister. They are all the same when the chips are down and they cut what they are told to cut.

This is what that directive says in part:

> Due to the financial crises faced by the government of Canada it has been necessary for parliament to curtail the funds allowed to the Department of National Health and Welfare.

The minister says this is not true. Where did this directive originate and who authorized it? Let me read one sentence of a letter dated November 23, 1967, from Dr. S. Mallick, the zone director of Indian health services of the Department of National Health and Welfare, to the Sioux Lookout Indian Hospital. He said:

> I would like to make it quite clear that our Indian health services are for indigent Indians only. It means those people who cannot provide for themselves, who have no jobs.

That has not been the policy of the department up to now. Up to now the department has provided medical services for many Indians who were not completely indigent. The minister says there is no change in policy. How did Dr. Mallick come to write this letter?

I have here a letter from the Manitoba zone of the medical services branch of the Department of National Health and Welfare dated

March 6, 1968, addressed to all chiefs and councillors of Manitoba Indian bands. In part it says:

> The federal government, as you know, has been forced to reduce many of its programs and the resources available for health services for Indian people has also been greatly reduced.

In light of these statements how can the minister say that this has not happened? Let me put on record some information I received from a source which I am satisfied is reliable. I have not been able to get the original but I am assured that this statement is not exaggerated. I am informed that the director general of the medical services branch, Dr. Procter, wrote a long brief directed to hospitals and sanitaria which look after Indians who have tuberculosis, of whom there are a large number. In this brief Dr. Procter issued the following instruction and if it is true, and I have every reason to believe that it is, I cannot think of a more heartless or damaging statement. He said that if patients in the hospital are just spitting a little blood it is all right to send them home. Just give them some medicine to tide them over. That is a fine way in the year 1968 for the Canadian government to treat the original inhabitants of this country. These people have been sent to hospital for treatment for tuberculosis.

Mr. MacEachen: Mr. Chairman, I should like to ask the hon. member whether he will accept responsibility for the accuracy of that statement as a member of this house.

Mr. Orlikow: Mr. Chairman, we have been asking the minister in the house—

Mr. MacEachen: Will he answer the question?

Mr. Orlikow: I will answer the question. We listened to the minister and the minister can listen to me for a moment.

Mr. MacEachen: Answer the question. You haven't the guts.

Mr. Douglas: Any man who has been running away from this question for the last three weeks should not talk about guts.

Mr. Orlikow: Mr. Chairman, the question we are discussing today was raised several weeks ago, I think first by the hon. member for Brandon-Souris. It has been raised virtually every day since then and it is now more than two weeks since the matter became a topic of discussion inside and outside the house. We have asked almost every day that the minister table these directives and every day we have been told that at an appropriate time the minister would make a statement explaining everything.

Today the minister made a two-minute statement. Did he table the directives from which the leader of this party quoted and from which I have quoted today? We have quoted from these directives which the minister knows he cannot table because they are too damaging to himself and to his government. The minister asks whether I will take the responsibility for the accuracy of the report to which I referred. Let me refer the minister to the fact that I obtained this information from the same people who gave us the directives from which we have quoted. I told the minister I could not quote directly from the report because the person who gave me the information said he did not have a copy of it.

Mr. MacEachen: Will the hon. member answer the simple question whether he will accept responsibility for the accuracy of the statement he attributed to Dr. Procter?

Mr. Orlikow: I will stand on my statement until the minister has the guts to table the report to which I referred. If he does not I can only assume, along with the people of Canada, that he will not table the report because he knows, or will know before we are finished, that what I have said is true. If the minister tables the report and the statement is not accurate I will be the first to rise and apologize for giving the house wrong information.

The minister has been in politics long enough to know that one gets information very often from people who cannot allow their names to be divulged because they work for the government or its agencies or on government contract. The minister knows very well I cannot tell him where I got that information. I have been an elected representative for well over 20 years and I can say I am as satisfied as I have ever been about anything since I have been in public office that the statement to which I referred is reliable. If I ask the minister to table the report he will say he cannot because it is an internal communication. I ask him to read it. He does not have to show it to me. I ask him to come here then and tell us on his honour that the statement is not in the report. If he does so I will apologize immediately. I know he will not be here to do so tomorrow because what I have

said is virtually correct and he cannot refute it.

Why does the minister of Indian affairs not allow the committee on Indian affairs to meet and call these people before it for questioning? If the minister was agreeable to that suggestion we could conclude this debate right now. Let us hear from Dr. Butler, the head of the health services in the Northwest Territories, and from Dr. Procter who wrote this report. Let us get them before the committee and find out how it is they came to the conclusion simultaneously without any instruction from the minister or the deputy minister that their job was to cut services. Let us hear what they have to say.

• (4:30 p.m.)

The minister does not like anything we on this side of the house say. Members on that side suggest that what we say is obviously political and partisan. The minister does not expect us to be fair to the government because we cannot find anything good to say about it. Perhaps he thinks that is natural because it is politics. I should like the minister, if he has not already done so, to look at reports which have appeared in the Winnipeg *Free Press*. If there is a newspaper in Canada more committed to the Liberal party than the Winnipeg *Free Press* I am not aware of it. I want the minister to look at an article which appeared in the Winnipeg *Free Press* of March 11, written by Mr. Shaun Herron who I think is a Liberal. I am not going into the details but Mr. Herron makes the statement that the staff of the minister's department have been told that the practice of last year, which resulted in an overexpenditure of $400,000, will not be permitted this year. Apparently the staff of the department have been told that individual members who authorize expenditures over and above what is in the budget will be held responsible.

What does this mean? It means that if a nurse or doctor who is treating an Indian child very sick with pneumonia or meningitis thinks it is important to get the child to hospital right away and to do so hires a taxi if there is a road or even adopts the more costly procedure frequently followed of chartering an aeroplane, they will be held responsible for that expenditure. If they are to be held responsible for making expenditures which are not authorized, if they are to be criticized, if they are, I suppose, to be denied promotion because they have followed procedures which the department has indicated are not proper, naturally they will not take these steps and incur such expenditures. Therefore the death rate amongst these native people will increase.

The minister ought not to be so touchy on this matter. He ought not to be saying to us: Prove your points. I think the proof is all here. I tell the minister that we are not going to finish this item for some considerable time, despite the fact that he may have commitments to speak at meetings all across the country, until we get from him a better explanation than we have had up till now about the directives which have come from the officials of his department indicating to Indian bands, to doctors who work for the department, to nurses and doctors on contract to the department and to specialists, that their services are being cut back and there will not be the money in the coming year with which to provide the services that have been provided up till now. I suggest to the minister that he owes it, not to the members of this house but to the Indian and Eskimo people who are upset about this matter, to give an assurance that this will not be the case.

The minister should know, and if he does not I am sure the Minister of Indian Affairs and Northern Development does, that on March 15 a group of 150 treaty Indians marched on the Indian Affairs branch at Le Pas to protest this very matter. I am sure the minister knows that last evening a meeting was held in Winnipeg, under the auspices of some of the most respected organizations in that city, to protest and discuss this very question. I am sure the minister knows about that meeting because I am told he received an invitation to attend.

The minister owes the Indian and Eskimo people an explanation as to just what the situation is and how these misconceptions arose, if they are misconceptions, and one can only assume from the minister's short statement that they are. The minister should explain why the people in his department made the statements and wrote the letters which we have put on the record. They were not put on the record by the minister. I think he needs to give these native people much better assurances than he did in his very short statement that what they fear and suspect is, in fact, not true.

Mr. Bigg: Mr. Chairman, it has always been my wish that some day, and the sooner the better, we would have native representation in this house. I say this because there are

some 250,000 of our first citizens and it is very difficult, if not impossible, for any white man to speak for them with the same assurance and sense of responsibility as one of their own number.

Some hon. Members: Hear, hear.

Mr. Bigg: Therefore, without any apology I shall try to do for them today what they are unable to do for themselves, for the very cogent reason I have mentioned. There are in Athabasca some 21 Indian reservations. As I said before, these Indians have no representation in this house except through me. I can speak with some authority for them because they have come to me and asked me to do so. Therefore I must do so. I beg the indulgence of the house and ask hon. members to exercise their patience when I try to outline the point of view of the Indians.

Since 1876 the Indians who signed Treaty No. 6, representing a large proportion of the Swampy Cress of northern Saskatchewan and northern Alberta, have lived up to their side of the treaty with great patience and restraint. I hear when I go amongst them, and I am amongst them often, no talk of red power. They are not looking to any sort of violence whatsoever to bring their problems forward.

I hasten to say that I believe we have a Minister of Indian Affairs and Northern Development who is doing his best to make sure that the needs of the Indian people are looked after. He has a very capable staff. However, it seems to me that the reason the particular difficulty has arisen at this time is that nobody seems to know exactly what is our responsibility to the native peoples. Nobody seems to know whether it is the responsibility of the Minister of National Health and Welfare to look after their health or whether the Minister of Indian Affairs and Northern Development has full responsibility in this field.

I think there is a joint responsibility in this regard. I believe that one of the reasons both these departments are somewhat hamstrung in their activities is that we have not really considered the basic problem. That problem is, what exactly are we to do with these people? What does the treaty mean, if it means anything? We must ask ourselves: Should the treaty be brought up to date? If it can be brought up to date, we should be asking ourselves how we can bring it up to date. It seems to me we can bring it up to date only if we sit down at the negotiating table with people representing the Indian community and deal with them on an equal basis. We must forget our paternal attitude from the first word of such consultation to the last.

These people must be treated as complete equals. It is very difficult to treat them as equals. We cannot do it in the House of Commons because they are not here to speak for themselves, but some of us in this house—I hope this applies to all of us—are prepared to take a few hours of our time and deal with this question seriously. I do not think we can do it today, and I have no intention of spending a great deal of time dealing with this matter now. I certainly do not wish to hold up these estimates. But I make this very firm commitment, and I speak for many members of the house, that I intend to see that something is done to solve this problem. We want the government to reassure the Indian people that there are still people in this country who have their welfare at heart. The Indian people know this in fact but they are worried about the timetable. They are looking forward to the establishment of an Indian affairs commission to look into their problems.

About ten years ago my party discussed this matter. Just before we were defeated we had on the drafting board a policy in respect of an Indian affairs commission. Unfortunately the fortunes of political warfare decided that we would not be able to implement that policy. The present administration made an abortive attempt some time ago to bring forward an Indian claims commission, and I am assured that such a commission is still on the drafting board. I am speaking for the Indian people when I say they are not satisfied with what is on drafting boards. They want action and they want it now. Should this commission sit, I am reasonably assured that the Indian people could not expect any particular action for six, seven, or eight years, depending upon the terms of reference and the power of the commission to look into and settle Indian problems. The Indian people, quite rightly, are not willing to wait eight years. They want action now. I honestly believe that if we set up this commission properly with the right people on it and they started to work now they could achieve results in a matter of months. We have to establish some priorities in connection with these debts. Do we owe these people enough money to enable them to pay for some of their own medical services? If we do, let us look at these treaties to ascertain whether we are responsible for giving the Indians medical services across the board, without limit. When we talked about

the medicine box back in 1876, what was involved?

• (4:40 p.m.)

Let us ask the Indians themselves to be fair. Let us ask them if back in 1876 they envisaged medical care in modern hospitals with all the white man's medicines. I should like to tell those people who do not know it, and remind those who do, that the medicine man of the Indian tribes in western Canada was not without considerable merit. If records had been kept they would show that when a squaw was about to make a contribution to the Indian family she did not die of gangrene and all these other diseases. She had a natural, normal birth and the death rate was not as high as some people like to think. The Indians gave up this treatment and accepted the white man's medicine.

I should like to know, once and for all, what did the reference to the medicine box mean? Did we promise these people that, regardless of the cost, they would receive medical care in perpetuity? I do not believe the Indian people are sure about this. Let us get them to the council table and ask them what they expected, what they meant when they signed these treaties. Let us see if we can roll back 100 years and ask these Indian people what price they are willing to accept for the wonderfully rich north half of this continent. If we cannot get a consensus of the Indian people, and I do not think we can because we cannot get a consensus of the provinces, then let us take them region by region and try to negotiate to undo some of the damage we have done to these people. I am only thinking now of what the white man has done. It may be that the Indian has contributed to his own downfall. It may be that some Indians took sandhills that were good for nothing in return for some of the wonderfully rich agricultural land we have and thought they were making a good deal because the white man gave them a barrel of flour or gave the chief a suit of clothes. I do not believe that is good enough today. I do not believe the taxpayers of Canada think the Indian has ever had the deal which he should have had.

We are told that the government has overspent a little and can no longer pay the bill for Indian health services. I do not believe that the first place we should cut back is on health care for Indian children or Indian people. There can be no argument about that. I do not believe there is any disagreement amongst hon. members because I think we all want to get to the root of this matter. We cannot do this by promising an Indian commission in the dim future. We have to establish one now and handle things in order of priority. If the minister takes this kind of action he will get no obstruction from this side of the house. We are only asking for those things which we are honour-bound, as good Canadian citizens, to give to our full-blooded brethen. Let there no longer be talk about these delightful Indian children. There is no such thing. They are people who want to take their rightful place in this country. My experience with the Indians leads me to believe that if they have an opportunity for education they are willing to take advantage of that opportunity because they want to bring themselves forward into the twentieth century.

It is quite true that some of them have no band funds to spend on medicine. Some of them do not even have a treaty with the people of Canada whereby they would have some chance of getting justice. I do not believe it is fair for us to say: Show us your legal document which entitles you to these rights. Every person born in Canada is entitled to have a place in the sun, good food and shelter provided he is willing to do his share. I believe in the Indian people. I believe they are willing to do their share. They do not want a paternalistic government. They want an opportunity to educate themselves and to educate their children and to keep themselves healthy.

Sometimes we ask the Indians to develop their reserves. Some of these reserves are not fit for human habitation. Some of the Indians do not even have reserves on which to live. It is ten years since I started some of these projects. One of them is to move the Indians from Fort Chipewyan down to Wood Buffalo park. The answer I have received has been that the sanctity of the park must be preserved. I still put the welfare of these people ahead of the sanctity of Wood Buffalo park or the whooping crane. I am not saying this to be critical of any group of people. I am looking to the future.

When we do open negotiations with the provincial governments involved, with the Northwest Territories and with the Indian people we should take a positive attitude. As I have said, I do not believe we can get a consensus. I do not suppose we can even agree on the type of commission to establish. Let us do this to the best of our ability. Let us put five men on the commission. I would hope that one would be of Indian origin

because during the last ten years these people have not been encouraged to believe they are being treated fairly. They want a full part in making the final judgment, a full part in the advocacy of their cause, a full part in applying their own resources, sometimes in money and sometimes in enthusiasm. The magnificent loyalty which these people have given to us in the last 100 years, not only in peace but in war, has been such that we should lean over backwards in order to keep faith. If we do that, these people are going to meet us more than half way.

Mr. Schreyer: Mr. Chairman, the Minister of National Health and Welfare was in Edmonton two or three days ago and at that time he issued a press statement to the effect that the reduction in federal health services would not hurt the Indians in any way. I should like to quote from that news release:

> In some ways Indian health services have been cut, but in another way they haven't. For instance, we used to take a pregnant Indian woman to hospital a few weeks before she gave birth and keep her there for a few weeks afterwards. Now, we plan to have her in hospital immediately prior to the birth and for a short while afterwards. In a way, that is a reduction of service, but it's a sensible one.

The minister may contend that the course of action taken is sensible, but I think he will also want to agree that the information he gave at that press conference was inadequate. Since the conference was brief, it was bound to be. The statement we were promised, which was referred to by the Prime Minister yesterday, we were led to believe would be substantial. Instead, we were given a statement of perhaps a minute and a half. The minister did not elaborate in any respect on what is involved, namely, the alleged reduction in northern health services expenditures.

• (4:50 p.m.)

I should also like to tell the minister that the form of the estimates of his department leaves a great deal to be desired. It is very difficult to be able to detect from the estimates just what allocations are being made for particular kinds of services. Even if we could tell from the book of estimates how much was expended in 1966-67 or is estimated to be spent on northern health services and on health care for Indians during the next fiscal year, the estimates would still not tell the whole story.

It is interesting to note that the directives referred to so many times which were sent to the field officers of the department instructing them to bring about reductions in expenditures were issued, I believe, in the first week of this month. There is a direct connection between that and the fact that the Minister of Finance gave an undertaking that our national expenditures would be reduced by $50 million to $75 million. It is obvious that this is one area of expenditure that has been chosen for the axe.

I think there is an onus on the minister to give the committee in clear terms the actual amount expended on northern health services and on health services for Indians and Eskimos not only during the past fiscal year but also in the present and the coming fiscal year. In addition he should reconcile those figures with the decision of the cabinet to reduce over-all expenditure by some $75 million. Only then will we have a clear and precise idea of the movement of expenditure in this regard.

In the past week or two some spokesmen have alleged that there has been an outright reduction in expenditure on northern health services. The minister countered this by saying that there has been no reduction in absolute terms but that there had been a reduction in the rate of increase of expenditure devoted to this area. It seems to me that this reduction should be put alongside the rate of increase in population of our native people. This will give us some understanding of what is involved in terms of per capita expenditure, which I think is in the end the most accurate form of measurement. In this way we can get some idea of the priority that the government is assigning to the health care of our native population.

I wonder whether the minister would want to insist that in the coming fiscal year we will spend as much per capita on health care and health services as last year. Is the minister prepared to make this assertion? I very much doubt that he is. Certainly I do not believe it to be the fact. If we want to be charitable and accept the minister's word for it, I suppose we could admit that there will be some increase in expenditure on northern health services but that the amount will not keep pace with the increase in population; therefore per capita expenditure will be going down. However, can we in parliament look at that prospect with equanimity? I do not see that we can in view of the fact that standards of health care, its availability, and the infant mortality rate among Indians and Eskimos are such as to leave great cause for concern.

On previous occasions I have asked the Minister of National Health and Welfare to reconcile the infant mortality rate among Indians and Eskimos in Canada with his move to reduce per capita expenditure on northern health services, or rather to reduce the rate of increase of such expenditure. I do not feel that any kind of reduction can be justified at this time in light of the availability of health care in the northern parts of the country to our Indians and Eskimos. Neither can it be justified in light of the prevailing mortality rate.

At this point I should like to indicate just what that mortality rate is. I sent to the library for statistical data showing mortality rates in different nations of the world, and I found that in very few countries is the infant mortality rate higher than that prevailing among our infant Eskimos and Indians. It is my understanding that the infant mortality rate among Canadian Eskimo infants is 108 per 1,000. An hon. member put a question on the order paper asking for this information. It was suggested by a spokesman or official of the Department of National Health and Welfare, inasmuch as the mortality rate had been brought down from 200 per 1,000 to 100, that this was an acceptable level. I repeat that it was felt this was an acceptable level.

It is difficult to understand what is meant by "acceptable" in such a context. The fact is that on the whole of the African continent, according to the information I have, there are only two countries with an infant mortality rate higher than that among our native people. These countries are Burundi and Guinea, formerly French Equatorial Africa. I am using United Nations figures for 1965. I should add that among the coloured population of South Africa, which is kept apart by apartheid, there is an infant mortality rate of 136 per 1,000. In all of Latin America only one country, Guatemala, has an infant mortality rate approaching ours, namely, 94 per 1,000. In South America only Chile and Ecuador have a rate higher than our composite rate for Indians and Eskimos. So there is one country in Central America and two in South America. In all of Europe only Albania has an infant mortality rate higher than that to be found among our infant Eskimos and Indians.

These figures must prove something. There has been great improvement in the provision of medical care for Indians and Eskimos and this improvement shows up in the infant mortality rate. Although the rate has come down a good deal it is still, as my colleague from Winnipeg North has pointed out, three to four times the national average. This being the case there can be no acceptance of this rate. If I sound as though I am indignant, Mr. Chairman, I am. When it is said that a mortality rate four times the national average is acceptable, I find myself feeling a strong sense of outrage.

• (5:00 p.m.)

I am not alone in my opinion. Many interested Canadians, editorial writers, voluntary members of welfare agencies and others, have taken a deep interest in the government's actions with respect to health services for Eskimos and Indians. The minister can say that they have misinterpreted or misunderstood the government's intentions. All they had to go by were the directives issued by the department on the minister's order. The minister's action flowed from a cabinet decision that $75 million would be chopped off expenditures. He had to look for some place to do the chopping.

The minister may be interested to know that in the Manitoba legislature there has been an impassioned debate on this issue. To paraphrase, the Manitoba minister of welfare said that by reducing money for Indian and Eskimo health services or by reducing the rate of increase of expenditure for such services, we were reneging on treaties that our forefathers had entered into with our native peoples. The right hon. member for Prince Albert spoke of treaty No. 6. Other treaties contain clauses guaranteeing to Indians hunting rights in perpetuity. Even those rights have been limited to a certain extent in the last few decades. The treaties also extend the right of health care in perpetuity. Reference is made to a medicine chest being made available for Indian people as long as the rivers flow and the sun shines. Words like that are subject to the broadest interpretation, I know. Yet it is unfortunate that we should give our Indian and Eskimo peoples the slightest cause for thinking we are reneging on the solemn undertakings of our forefathers.

Delivering a speech last week end at the University of British Columbia, the Minister of Indian Affairs and Northern Development said in part:

Many Indians today have a sense of grievance.

Mr. Dinsdale: Hear, hear.

Mr. Schreyer:

Some of their difficulties stem from this. These problems will not be resolved until that sense of grievance is banished, either through redress or sublimation.

They have a sense of grievance, and with the government issuing directives such as those issued recently our Indians have reason to feel a sense of grievance. The Minister of Indian Affairs and Northern Development is thinking wishfully if he thinks that sense of grievance will disappear through sublimation.

There is no point in speaking too long on this issue. The minister ought to indicate to us in concrete figures the expenditures that were allocated for this purpose during the previous two or three years, what was estimated originally for the coming fiscal year, how much that amount was cut back in the last mini-budget, and how much of the cut has been restored. I expect that efforts are being made to restore some of the subtracted moneys. Our questions from this side of the house would have been unnecessary if the minister had been more concrete and taken more time with the statement he made earlier this afternoon.

The minister denies that health service expenditures will be reduced. He gave us to understand that expenditures would increase, although he does not say whether the increase will be sufficient to keep pace with the population increase, and there is the rub. It is crucial for us to know the facts. I hope the minister will not just sit in his seat and hope that all this will pass off. I hope that in the next few minutes he will give us a substantial indication of intent.

Mr. Germa: Mr. Chairman, it is surprising at our present stage of history, when the public has accepted the idea that the government ought to be responsible for health services, to find the government cutting back on health services to our native people. That is swimming upstream against public opinion. Having been sold the idea that the government has the responsibility to make universal health services available to Canadians, the public of Canada ought not to be asked to consider a curtailment of such services for part of the population.

We all look forward impatiently to July 1 when the medicare legislation passed by the house will become effective, not across the country it is true but in some provinces. That is a step in the right direction. It disturbs me to see that health services for certain people are being curtailed. Statistics show that our native people have been neglected more than certain segments of the white population, and our white population has not been satisfied with the medical services it has received thus far.

Although medicare legislation is now on the statute books and although our national health services are to be improved, the infant mortality rate among our native peoples is almost the highest in the world compared with the rate in underdeveloped countries. The incidence of tuberculosis and other diseases among our native peoples is as high as it is in backward nations. That this is so is shameful. The minister ought to be responsible for improving the level of all public medical and health services in Canada.

The medicare legislation does not set up the mechanics by which the service is to be provided. I believe statistics will show that most of our people, when they seek medical services, will go to a general practitioner. I fear that in the foreseeable future the general practitioner will become as scarce as the dodo. That is because the government has not seen fit to spend money on medical schools to guarantee that this important person, the general practitioner, will not become extinct in our society.

• (5:10 p.m.)

Medical students are increasingly entering specialized services. It is estimated that 90 per cent of those studying the profession are preparing to enter into employment with industry or the government in specialized capacities. Few of them see fit to take up general practice. The old family doctor is becoming a figure of the past. This tendency has to be reduced if we are ever to accomplish what is envisaged in our legislation. It has been suggested that our medical schools should stay open during the summer, thereby increasing the supply of qualified doctors by 50 per cent. However, if 90 per cent of these students intend to become specialists I do not think this suggestion would do much to relieve the shortage of general practitioners. It has been said by an hon. member that there is a shortage of 2,000 doctors in this country at present. This situation will have to be corrected if we are ever to reach the level of medical care which we believe to be desirable.

To correct the situation I have described it seems to me that our medical services should

be administered by people outside the medical profession. I am not saying the administration of medicine should be removed from doctors. But the people of Canada should be given some voice in connection with the type of persons upon whom they wish their money to be spent, and a large percentage of public funds is spent on the education of members of the medical profession. If the people are convinced they need more general practitioners, then it is up to their representatives to make their views known in parliament and to say: This is where we want the money directed. We should not leave the direction or administration of the medical services to the high priests who happen to hold office in the profession and in the departments of government. They come from the specialist field themselves and they favour this type of work. There is great class distinction within the medical profession. People with specialized training seem to look down their noses at general practitioners who do not enjoy the same income levels and working conditions as themselves. There is no doubt in my mind that the control and administration of medical schools should fall increasingly under public direction so that the goals I have indicated as desirable could be reached.

I should like to bring to the minister's attention an article which relates closely to the area of northern Ontario from which I come, an area in which it is sometimes difficult to find medical services. According to an article in today's *Globe and Mail* Dr. George Vachon, aged 68, of Noelville, which happens to be 50 miles south of the city of Sudbury in my constituency, is reported as having said:

> I've thought about retiring but I know very well that when I leave nobody else will come to take my place.

Dr. Vachon, a general practitioner, has been the only doctor to serve the people of Noelville for 30 years. Here is a man with a sense of duty and dedication such as I have often found among members of the medical profession. Even though he has earned a well deserved rest he is reluctant to retire because he knows no other G.P. will come to replace him. He can no longer go out visiting patients as he used to. He receives patients in his office. This limited service is all that the people within a 50-mile radius of Noelville have.

I should also like to bring to the attention of the committee the situation at St. Charles, a village of 1,026 people 37 miles from Sudbury. This village has been without a doctor for three decades. There is no medical service other than that available at Sudbury. I should like the minister to give greater consideration to the needs of isolated communities in the mid-north or even near Sudbury, which is only 350 miles from Ottawa, where people in outlying areas have not enjoyed a proper medical service for many years. Let me quote some comments in the newspaper article to which I have referred with reference to the St. Charles situation.

> "It's very inconvenient", said Mrs. Isabel Duhaime, clerk of a three-township council.
>
> "But we don't have any other choice," said Ronald Lapointe, a member of the council and president of the chamber of commerce.
>
> "If you were a doctor wouldn't you rather go to Sudbury where you could make more money than here?", Mr. Lapointe asked. He said the chamber of commerce sought unsuccessfully a few years ago to entice a doctor to the village.

In another town, Hagar, which is 50 miles from Sudbury, the situation is no better. The community is without the services of a doctor although it has been established for more than 40 years. According to one resident it sometimes takes a month to see a doctor unless an emergency has arisen, in which case it is necessary to travel to Sudbury.

In Hanmer—and here is an outstanding case—a community of 8,100 persons 15 miles north of Sudbury, the township council appointed a citizens' delegation which went to Queen's Park last month to seek aid in building an emergency clinic. This was one venture made in an effort to get doctors to go to these smaller communities. Doctors are, understandably, reluctant to set themselves up in a little office without adequate facilities for looking after their patients. They like to work in a more populous area where they can combine with others in the profession to form clinics and render a better service. Nevertheless I believe some help should be given these smaller communities so that they can establish and maintain community clinics thereby encouraging doctors to work there, performing invaluable services for the residents.

The Hanmer township council set aside $30,000 in its budget for the construction of a clinic only to learn it did not have authority to do so. It was told it did not have the authority to spend taxpayers' money on setting up a clinic. Yet we know that in the province of Saskatchewan, where a medical plan has been in operation for five or six years, one of the best ways to administer health services is through a clinic. The minister should look at this type of operation and try to encourage it.

Supply—Health and Welfare

• (5:20 p.m.)

The town of Hanmer is served by a doctor who comes six miles from the town of Capreol two days a week. He sees an average of 50 to 69 patients a day and has seen as many as 85 in one day. This is a terrible case load for any doctor to carry. If you take an eight-hour day and break it down you find that he has not spent many minutes with each patient.

There are large gaps in the medical services of our country. I ask the minister to take a look at some of the avenues I have opened up for him. If there is a lack of services in the part of northern Ontario from which I come, I am sure there is a lack of services in the northern parts of all the provinces a little beyond the fringe of the densely populated areas.

The Assistant Deputy Chairman: Shall vote 20c carry?

Mr. Douglas: I rise simply for the purpose of asking whether the minister is going to make a statement in reply to some of the questions that were asked. I believe the minister has an appointment tonight and I am trying to facilitate matters by asking if he will give us this information. Can he give us some idea of what the expenditures will be in the coming fiscal year, what they were in the regular and supplementary estimates for the present fiscal year, and can he give us some assurance with reference to the level of services?

I do not want to repeat it again but I am thinking of the statement made by Dr. Butler that services would have to be curtailed and the nursing home would have to be closed in Fort Laird. Is this being completely reversed? I think the minister will admit that the statement he made at the beginning of discussion on these estimates was quite brief and did not give any detailed information as to what the expenditures will be or the level of services. What did he mean by saying the directives will be corrected?

Mr. MacEachen: Mr. Chairman, I hope to make a statement when all hon. members have completed their comments. I thank the hon. member for his indulgence but my deadline is past and so there is no point in rushing to suit me. I have to deal in one way or another with the comments made by the hon. member for Winnipeg North which I regard as being of the greatest gravity so far as the Department of National Health and Welfare is concerned.

[Mr. Germa.]

Mr. Dinsdale: If the minister wants to make his statement now I think it might curtail further discussion because most of the discussion has arisen as a result of the inadequacy of his initial statement and the lack of details.

Mr. MacEachen: Mr. Chairman, the main question that has been asked, and it is a perfectly reasonable one, is whether the level of services will be maintained in the forthcoming year as it has been in the preceding year and my answer, of course, is yes. I can assure hon. members that services now being provided will be continued in the coming fiscal year and they will not be permitted to deteriorate.

The level of expenditures for Indian health services has increased over the preceding year. The estimates for 1967-68 were $23.9 million and for the fiscal year 1968-69 the estimates are $24.3 million, an increase of about $400,000. We have not reduced—

Mr. Douglas: May I ask the minister if that $23.9 million included any supplementaries or overexpenditures or was it only the regular estimates?

Mr. MacEachen: I cannot answer that definitely but I regard it as the total expenditure. I will be glad to check on it.

Mr. Barnett: Would the minister relate the figures he has just given to the items in the estimates so we can find them?

Mr. MacEachen: Strictly speaking, Mr. Chairman, the debate we have had is quite out of order in terms of these estimates, although possibly it is not fully out of order because I suppose one could have this debate under general administration, but these amounts that are proposed are not covered in the supplementary estimates before the committee at the present time. I am talking about total expenditures for Indian health services in 1967-68 and 1968-69.

The situation is quite clear. Even though we were able to increase the estimated expenditures for 1968-69 for Indian health services we were not able to increase them, because of the financial situation, as rapidly as we had done in the preceding year, particularly to take account of the increases in population and rising costs. That was a decision taken by the government that was implemented by the Indian health services branch, and with a given budget, although increased, they were obligated to make the best possible use of it.

If hon. members who spoke today had spoken prior to my statement I think their complaint would have been justified. I undertook to review the situation, which I have done very carefully, and I have come to the conclusion, and I have been supported by the government, that there ought not to be any curtailment in the services now being provided. For that reason I have stated that these services will be continued in the coming fiscal year and will not be permitted to deteriorate.

Mr. Douglas: At this point may I ask the minister whether that means he will make up the difference? I take it that in the regular estimates he is budgeting for $24.3 million for 1968-69. Does that mean he will make up the difference by supplementary estimates?

Mr. MacEachen: I will be obligated to review my own departmental expenditures and to find out whether there are deductions I can make in order to finance this aspect of the program, or whether I will have to seek reductions in other expenditures in other departments. If that fails I will have to come back to the house for additional funds.

Mr. Douglas: Does the minister have an estimate of how much money is involved in the difference?

Mr. MacEachen: I would not like to make a firm statement on that point.

Mr. Schreyer: Does the net effect of the minister's remarks on his revised course of action mean the cancellation of those directives issued earlier under file No. 100-1(M1)?

Mr. MacEachen: The only directive or memorandum that has been communicated to the Indian bands and chiefs in council is the memorandum which has been quoted from by the hon. member for Burnaby-Coquitlam, and where necessary this memorandum, and any others within the department, will be reviewed and amended to carry forward the statement of policy I have made.

Mr. Dinsdale: I also quoted from that memorandum and I think this is where the greatest damage was done because it was addressed to all the chiefs and to all the Indian councils without exception. It was the memorandum that created the feeling of uncertainty and insecurity which has aroused all the protests across the country. A lot of ground has been lost in good understanding between the government and the Indian population because of it. I think it would be most important that a countermanding directive be issued and an apology sent to these chiefs.

Mr. MacEachen: I think the request for an apology is going a bit too far. It seems to me that the memorandum to the Indian chiefs is a statement of policy that has been followed. I would question, however, the accuracy of the first sentence which states that the resources for Indian health services—I think this is the wording—have been drastically or sharply reduced. That certainly is not the case. If you equate dollars to resources then, on the basis of the estimates, that is not the case. This is an inaccuracy in the memorandum which I regret, but the rest of it is, I believe, a statement of policy which is not fundamentally new. I think it is reasonably sound to propose that Indians who can provide for themselves should be expected to do so. It is not our purpose to encourage dependency on the part of any group in the population. Where Indians through their own efforts or through the band are able to provide for themselves then certainly we ought to welcome that trend.

• (5:30 p.m.)

In the memorandum to the Indian chiefs we have stated that when this is not possible and where health service is not available from the provincial governments we would assist. I do not wish to pursue the point, but I believe it ought to be borne in mind that the Indians are residents of the provinces. One of the objectives for progress of the Indian population is certainly to integrate them within the general population of a province. If they are to be regarded as separate citizens to be treated on a different basis in respect of education, health and welfare then the process of integration within the total community will be impeded and they will never become equal citizens as we all want them to be.

I had expected that the provinces would be prepared to take responsibility in this situation. The reaction, certainly from the provinces of Alberta and Manitoba, was less than enthusiastic. In the circumstances, pending a willingness on the part of the provinces the federal government is prepared to assume some responsibility in continuing the present level of services, but I am not for a moment withdrawing from the validity of that position which I think is a sound one not only for the population but for the country as a whole.

Mr. Dinsdale: Mr. Chairman, this is precisely the reason the government and the minister have become involved in difficulty in respect of this problem. I am referring to the dogmatism and the arbitrary attitude of the minister whether he likes it or not. The point we have been trying to make is that this was done without consultation. Certainly the provinces are willing to accept their obligation and this is gradually being done, but for the past several months the provinces have been asking the federal government for a meeting between their responsible ministers and the responsible ministers of the government of Canada so that they could discuss ways and means to implement the program that the minister has just outlined.

The provinces complain because a directive was superimposed without prior consultation just as was the case in respect of medicare. The government is going ahead with medicare which will inflate the federal health budget and at the other end of the scale it is cutting off health services to a group that cannot afford to lose them. This is inconsistency and confusion. The hon. member for the Northwest Territories referred to it as confusing. As it is we have set back progress by years because of this foolish manœuvring.

Mr. Barnett: Mr. Chairman, the minister by his recent action has accomplished one thing. I am quite prepared to give him full credit for it even though I believe he accomplished it accidentally and without understanding what was happening. He has brought home to the general Canadian public in a way which otherwise might have taken a long time to do the whole mumbo-jumbo of the situation that has existed for a long period with regard to the provision of health services to Indians.

Despite what the hon. member for Brandon-Souris has just said about the program being set back for many years—normally I would agree with him—I think the result of this situation may be that it will create not only in the minds of the Indian people but in the minds of the Canadian people generally a climate of opinion which will bring to an end the sort of stupid régime we have had for a long time in this field. It is all very well for the Minister of National Health and Welfare to talk about the desirability of the Indian people becoming self-supporting, self-respecting, integrated citizens and residents of the provinces of Canada, but as long as these stupid paternalistic directives go out to the Indian bands and chiefs without rhyme or reason the very ends he said we should be seeking are being defeated.

If the minister has given the Canadian people an understanding of this situation then I suppose we in this house should sing loud hosannas and thank him for what he has done. However, the statement the minister made that he intends to review the estimates and look into nooks and crannies of his department in an effort to find where he can squeeze a little cream out of what is already skim milk in other corners of his department so that he can reverse these paternalistic directives, to my mind is not the answer to the situation in which we are involved. While I may agree that in his statement he has reversed his course, there certainly is nothing in what he has said so far which will provide a solution.

I believe we should understand just what the situation is in respect of this matter. Other members who have participated in this debate have made passing reference to what the constitutional situation is with regard to the provision of health care for Indians. Reference has been made to the medicine chest clause in certain treaties. That clause may provide some philosophical background, shall I say, for our responsibility, but in practical terms of today's society I think most Indian people would agree that it does not mean too much. It is one of these fetishes that has been there which really never had any practical application.

I have been interested in this situation because I have had inquiries from Indian residents of my constituency concerning whether they will receive the health care services to which they are entitled from time to time. I must say that the only statutory authority I have been able to find anywhere—and I have made inquiries beyond my own knowledge—is contained in section 72 of the Indian Act where it says that the governor in council may make regulations to provide medical treatment and health services for Indians. This places the legislative responsibility, as far as I can see, four-square on the superintendent general of Indian affairs.

However, I have made inquiries and, unless I have been incorrectly informed, at no time has the governor in council ever enacted any such regulation as is authorized by section 72 of the Indian Act. Therefore the plain fact of the matter is that there does not appear to be any legislative authority anywhere for the provision of health services to

the Indian people except so far as parliament by an annual vote decides that money shall be made available for medical services through the Department of National Health and Welfare.

• (5:40 p.m.)

I am not in any way criticizing the effort that has been made by responsible people in the administration of national health and welfare to provide these services with such funds as have been made available to them. What I am suggesting is that over the years they have had to compress their activities within the corners of this old hand-out policy. If a person is going to die in the absence of a little help we may give him a little help. While we may have built hospitals and paid doctors, the very directives the minister has referred to and the statement he has made today indicate that this is as far as the federal government seems prepared to go with the hand-out principle of health care for the Indian and Eskimo people.

This is the real issue that has been highlighted by the inept bungling which has taken place in the last two or three weeks. I hope that not only the ministers but members of parliament generally will recognize the full truth of the situation which now stands clearly revealed before us. There is an old saying that if you sow the wind you will reap a whirlwind. I think the Minister of National Health and Welfare has been indirectly caught up in a whirlwind created in part by the actions of the minister of Indian affairs.

Mr. Laing: He has reaped the wind today.

Mr. Barnett: He may have thought at some time that it might have been a whirlwind. The point I was going to make is that in another item of the supplementary estimates under the Department of Indian Affairs and Northern Development there is a vote providing additional funds for an activity of the Indian affairs branch which I think is more to be commended than any other. I refer to the vote for additional funds for the education of Indian people. As the minister of Indian affairs has said on more than one occasion in the house, we have been increasing the amount of these funds at a considerable rate over the last few years. That program has had general commendation in the house.

Mr. Laing: Would my hon. friend answer a question?

Mr. Barnett: I will try, Mr. Chairman.

Mr. Laing: Would he be in favour of the continuation of a guarantee for all time that the taxpayers of Canada should support the medical accounts of all Indians, several hundred of whom are employees of the government of Canada at this time?

Mr. Barnett: My answer to the question as the minister puts it is, certainly not. In a way I think the question answered itself, and this is exactly the point I was leading up to. Perhaps the minister will bear with me for another two or three minutes.

I was saying that in the supplementary estimates under his department there is an item for additional funds for the education of Indian people. We have been providing funds for this purpose, and this really brings me back to the point where I began. The fact that there are more educated people among the Indians today means that they are no longer going to be content with the kind of paternalistic directives issued by the Minister of National Health and Welfare. They are not going to accept that sort of thing any longer. They are going to stand up more and more—and we have seen indications of this—for their full rights in this field as citizens of Canada along with the rest of us. This means in my books that it is not sufficient for us to stop where the Minister of National Health and Welfare has left us by saying that we are going to restore the level of the services that were proposed to be reduced. We have to move more positively and directly into the field, which will make unnecessary any considerations of the kind raised in the question asked by the minister.

It is not my intention at this moment to pursue this question at length. If I did I would go into the whole question of things which in my view properly belong within the area of responsibility of the minister of indian affairs. However, I want to point out that this is the reason I decided to raise this question now. So far as the statutes of Canada are concerned the matter we have been discussing is primarily within the administrative responsibility of the minister of Indian affairs.

I am not suggesting that I expect the Minister of National Health and Welfare entirely on his own responsibility to go beyond the point where he left us when he was speaking a few minutes ago by saying, whether he admits it or not, we are sorry for what we did and will try to do a little better. If we are not going to go beyond the kind of situation which brought about this public concern, in

which these services are dependent on the whims and fancies of the government of the day or on the amount of money parliament votes in any given year, if there is a general policy in the department to start chopping off these services we are certainly not going to hear the end of the kind of debate we have been having this afternoon.

I have deliberately attempted to tie this question to the responsibility of the minister of indian affairs, not because I think we can deal with all the matters which come within the jurisdiction of his department today or before the house recesses but rather because I feel in my mind that this is a more positive note on which to consider this whole question and that we should not simply leave it with the restoration of certain cuts or minor amendments of certain paternalistic directives issued under the authority of the Minister of National Health and Welfare.

Item agreed to.

Welfare Services—

40c. Administration, Operation and Maintenance including grants as detailed in the Estimates, $1.

Mr. Knowles: Mr. Chairman, this item relates to the side of the minister's department which deals with the administration of welfare services and the various income maintenance programs. I have a few words I wish to say in this regard. The minister knows I am particularly interested in these programs, and if I were to say all that is on my mind I might be accused of taking part in a filibuster.

Mr. Baldwin: We wouldn't dream of that.

Mr. Knowles: I am glad to have that confirmation from the hon. member for Peace River.

An hon. Member: He had a big grin when he said it.

Mr. Knowles: There is a particular point I wish to come to presently but in leading up to it may I remind the minister of what he knows, namely, that I feel the social security programs which we have in effect, while good, could be substantially improved. As the minister knows, I feel that the income test, as he calls it, which is attached to the guaranteed income security, should be done away with and that in its place we should be paying an old age security pension to all those who qualify by age and residence without any means, needs or income test of any kind. Indeed, I think the time has come for the amount of that pension to be reviewed. There are a number of responsible bodies in the country which are now suggesting that the figure should be of the order of $125 a month, and this is my view.

• (5:50 p.m.)

I say to the Minister of National Health and Welfare that I read just about everything he writes on the question of a guaranteed annual income. I find his thoughts interesting, even though I do not always agree with him. In fact, I am not yet convinced that the guaranteed income supplement which he brought into this house is a true expression of the principle and philosophy of a guaranteed annual income.

In this connection, the latest article that I have read on the subject is a very interesting one by Reuben C. Baetz, executive director of the Canadian Welfare Council, in the March-April issue of that council's publication known as "Canadian Welfare". It may be said that many of the points which Dr. Baetz has put together are points that are in the literature on this subject but it is, nevertheless, an interesting and very worth-while article. There is one particular point in it to which I shall come in just a moment.

The point of my taking time on these estimates to address myself to the minister is that I want to impress upon him the fact that if he is going to see sustained the value of the income maintenance programs which he administers, he will have to concern himself with some of our income tax provisions. He will have to make stronger representations to the Minister of Finance than I think he has yet made. I took up with him a while ago the case of people on the guaranteed income supplement who find that they meet a test on one hand so they can have their income brought up to a certain minimum level, only to find that the Minister of Finance then dips into that amount and reduces them to a lower level.

The Minister of Finance and the Minister of National Health and Welfare both had a pat answer to that problem. Their answer was that income tax has to be administered generally and that one cannot play favourites as between those people whose income is earned directly and those who get it as a result of a welfare program. Neither of the ministers faced up to the real answer to the problem, which is the need to raise the level at which income tax applies. The significance of what I

am now saying is that a minister of national health and welfare who brings in these income maintenance programs has to be concerned about this other aspect of the matter.

Let me give a precise example which has been drawn to my attention. It is the case of an actual person and it demonstrates very clearly my concern in this area. It is the case of a person whom we shall call Joe Doe. He does not like to be called John Doe, so we will call him Joe. He is a retired civil servant. His pension as a retired civil servant is $170 a month, or $2,040 a year. Joe Doe is also a veteran and has therefore been able to qualify for the war veterans allowance. Since there is a ceiling of $245 a month on the permissible income for a war veterans allowance recipient who is married, the total war veterans allowance he was able to get has been $75 a month. So his two pensions, the retired civil servant's pension and the war veterans allowance, gave him a total of $245 a month or $2,940 a year. Up until the end of last year, 1967, that was his position—an income from these two sources of $2,940 a year. I point out to the Minister of National Health and Welfare that because the war veterans allowance is non-taxable, this Mr. Doe did not have to pay any income tax. His taxable income was only $2,040 a year, $60 less than the $2,100 level. We do not have to worry about the extra $500 that was available to him, because he was under the $2,100 level.

But Joe Doe turned 67 late last year, so starting in January this year he qualified for the old age security pension of $75 a month. We will not bother about the $1.50 additional for the moment. He qualified for $75 a month or $900 a year. Immediately Mr. Doe starts receiving this $75 a month old age security, he loses his war veterans allowance because his old age security of $75 and his retired civil service pension of $170 bring him to the ceiling of $245 a month. So in terms of gross income he is right where he was—$245 a month or $2,940 a year.

But here is the jolt. Old age security income is taxable, whereas war veterans allowance income is not taxable. So Joe Doe finds himself with $2,940 a year income in 1968, the same as he had last year, but $840 of that is taxable to the tune of something over $100. The result is that this married man, this married veteran, this married retired civil servant, by having part of his income changed from war veterans allowance to old age security has a net income position more than $100 less than it was.

I have tried to make the point several times, and I make it again so that no one comes back at me with respect to it, that I think it is proper that old age security income be taxable income. I think if we are going to have a means test—and I believe there should be no means test at all—it has to be taxable income. But on the face of them situations like this do seem grossly unfair. Let me repeat it. Here is a veteran who by making this transfer, which he has to make, has the same gross income but has $100 less real income.

Situations like this demonstrate the point I was making a moment ago, that the Minister of National Health and Welfare must be more concerned than I think he has yet been about our income taxation policy. But what happens, if I may put it in personal terms, is that he gives money with one of the government's hands, and the Minister of Finance takes it back with another. The minister may tell me the reason this problem has arisen is that we have raised the levels to which we guarantee people's income. That is fine. But surely, the answer to this is the necessity of raising the income tax exemption levels, certainly to not less than $3,000 for a married person.

I am not asking for anything special for Joe Doe that is not available to people whose income is entirely their own or who have no connection with the war veterans allowance; but this case highlights the problem and I think stresses the need for coupling with increasing old age pension programs, increasing social welfare programs, a look at our whole income tax problem.

I said I would make a passing reference to the article by Reuben Baetz in the current issue of "Canadian Welfare". I invite the minister to read it if he has not already done so. There are four points that he makes as to the way in which we can get at the problem of a guaranteed annual income. He indicates the various difficulties that there are and says it may take time to achieve the goal of a guaranteed annual income. Therefore, he urges that in the meantime we take steps in the taxation field along the lines recommended by the Carter commission on taxation and that we cease taxing incomes below a recognized poverty line.

• (6:00 p.m.)

Well, I suggest to the Minister of National Health and Welfare that he must agree that at today's living costs, at today's wage standards, at today's standard of living, that is

something higher than $3,000. The poverty line has perhaps come closer to $4,000. It is not good enough for the Minister of National Health and Welfare to sponsor programs to bring people up to this level and then have other taxation programs that take them down. I invite the minister to study carefully the case of Joe Doe which I put on the record, and I invite him to face the fact that no matter how much he may believe he has done wonders in the social security field there is still a great deal to be done to provide adequate security for our elderly people and to make sure that, having provided it to them, it is not taken away.

The Assistant Deputy Chairman: Shall vote 40c carry?

Mr. Peters: Six o'clock.

The Assistant Deputy Chairman: Carried.

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Chairman: Order. The questions to be raised at the time of adjournment tonight are as follows: the hon. member for Brandon-Souris—Indian affairs, request for reconstitution of parliamentary committee; the hon. member for Vancouver-Kingsway—consumer and corporate affairs, investigation into increase in price of milk.

House in committee of supply, estimates of the Department of Indian Affairs and Northern Development, supplementary estimates C, vote 5c.

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

5c. Administration, Operation and Maintenance, $2,000,000.

Mr. Peters: Mr. Chairman, I should just like to ask the minister a couple of questions in connection with one particular reservation in which I am interested as a result of redistribution. The reservation at Gogama is one that I have had the opportunity to visit. I was surprised to find there a number of young Indians who were not sufficiently trained to find permanent employment, and who therefore worked on a seasonal basis only. In discussing the potential of these young people I was impressed by the fact that some of them had had a fairly good basic education, one having gone to grade 12. However, none of them had received any kind of vocational training. One went to a retraining school to upgrade his education, but he was not even sure whether he had passed the course.

On this occasion, Mr. Chairman, I was accompanied by two provincial M.L.A.'s from that area as well as by the hon. member for Nickel Belt, and we were given to understand that very little attention had been paid to these people by the Indian affairs officer. In fact, shortly afterward I visited the Chapleau headquarters of this district and found that some of the responsibility had been transferred to the Sudbury office, and also I think to Sault Ste. Marie.

As I say, Mr. Chairman, very little assistance or encouragement had been given to these young Indians to retrain themselves for permanent employment. I learned from talking to some of them that one of the reasons they wanted to leave the reservation, which obviously was not going to provide them with any future, was that they regarded the reservation as a lot of people during the latter days of the depression regarded the family farm, namely as a place to go home to when the outside world became too cruel. Although this did not solve their problems, the reservation was a place they could return to.

In discussing their potential for retraining they pointed out to me that there was no desire on their part to undertake retraining unless it would provide them with the opportunity of becoming permanently employed in a full-time occupation. They wanted a trade which would allow them to leave the reservation for good and establish themselves in an occupation where they would not always be the ones who were first to be laid off and the last to be hired. This was the history of the usual type of employment they engaged in—the extra gang on the railroad, the seeding gang for the department of lands and forests.

In this case, Mr. Chairman, it seemed to me that if the Indian agent had done his job he would have appealed to the manpower department or some government branch to assist in retraining these Indians. Incidentally, they said that they had not seen the nurse for three months or the Indian agent for from six to eight months. He travels across from Sultan, which is probably not more than two hours drive from the reservation, and surely he does not have so much work in the area that he is too busy to visit them.

Since this item deals with education of Indians I think the minister should indicate what sort of retraining is offered by the Indian affairs branch and whether they are aware that the Indians require the sort of training that would give them equal opportunity with the other people in the community, if they did leave the reservation.

It appears to me, Mr. Chairman, that some counselling in this regard is required. I was particularly shocked when one young fellow told me he had upgraded his education under a federal program to grade 10, but was sent home at the end of the course without being informed whether he had passed. There did seem to be a lack of initiative not only on his part but on the part of the agent, and also on the part of the school which had spent money in improving his education. He should at least have been told whether he had passed the course.

I was also disturbed to find in my discussions with 15 or 20 young Indians that they did not appear to have any goal to work toward. I think that in training these Indians for some vocation the Indian affairs branch should pursue some sort of goal. I think all hon. members will agree that the Indians have to overcome many difficulties not encountered by others. Their main problem is being uprooted from a protective reservation, or farm as they call it, and placed in a community where they have no friends and where because of their heritage other people continually look down their noses at them.

• (8:10 p.m.)

I asked a young girl of 12 or 13 years, whether, after she finished high school, she wanted to be a nurse or a teacher. She replied that she did not know. I said, "Have you ever thought about it?" She said no, that she had not. Then one of the boys piped up and said, "She doesn't need to worry; when she is 16 she will get married to a white man, so why worry?" That shows the state of apathy some of our people have fallen into. They feel they have no future, and that is where problems arise. I also note that though some Indians are entitled to veterans preference, they are not getting it. The only job some of the men can get is on a section gang, planting trees.

One of the other members of our party was in charge of either the public school or secondary school educational system in the Sudbury area. I may be wrong; he may have been the principal of one of the area's separate schools. In any event, our party was concerned about the lack of facilities to take students to school and bring them back home. Of course I have heard differences of opinion about whether it is best to educate Indian children in their own environment or amalgamate them into the school system of a nearby municipality.

Perhaps the minister could look into this aspect. The people on this reservation have been moved at least once in the last 15 or 20 years. A number of four room houses eight or ten miles from town could be used as schools. It seems to me that instead of spending $50,000 to $70,000 putting in new roads, it would be better if we moved these houses to the edge of the town, bought some land and established an Indian settlement there. The advantages to Indian education are obvious. The houses are sitting on cement abutments and therefore could be easily moved.

Before redistribution I had not had much experience with Indian reservations, though I shall gain some experience in the future. It seems to me, speaking particularly of the Indians on the Mattagami reserve, that the minister ought to have received better advice than he has from his executive officers or Indian agents. There are no vehicles on the reserve, except for a snow cruiser. To cash the cheque that the department sends them costs the Indians about $5 for the trip in each direction. Instead of keeping them on the reservation the government ought to be providing training opportunities for young Indians who want to be trained. The results might be surprising. Judging from my conversations on the reservations, young Indians want to be assured that they will be trained to do a job which will enable them to be employed permanently, so that they will not be the last to be hired and the first to be fired, as is the case today.

The Chairman: Shall the item carry?

Mr. Laing: Perhaps I might take this opportunity to give the committee some idea of the extent to which we are pressing Indian education today. Of our total budget in the forthcoming year of $140 million, $56 million is for education alone. Our aim is the integration of Indian children with white students in the province, and we are rapidly succeeding in our objective. At present over 50 per cent of Indian children of school age are attending schools operated by the provinces. In my province of British Columbia that figure has reached 62 per cent, and that is fine.

The hon. member for Timiskaming has hit us in one of the more difficult areas, the northern areas of the provinces where the reservations are remote and where, because Indian people want to stay as a family, the individual is hesitant to leave. Yet it seems to me we are doing a great deal of good there.

Today we have some 240 Indian children resident in Ottawa taking classes. We pay for them a monthly housing allowance—I think it is $70—give them a little spending money, and so on. Our problem today is not serious in areas within 100 miles north of the United States boundary; it exists in the area the hon. member spoke of and even farther north in the territories where, according to indications, the reservations contain few resources. Often there is no work on them, except a little seasonal bush work in pulp, and so on. Any young man who wants a full time job must migrate out of there, and we are very conscious of this and working as rapidly as possible to try to solve problems. We are moving families out on an experimental basis. We have put a group, under a pilot plan, into Elliot Lake. Originally there were 20 families, but 11 went back before the course was over. Probably we may learn as much from those who went back as from those who stayed. We also have a housing program for those who have jobs and can convince us they can carry the cost of a house. We have set up a second mortgage arrangement over ten years, after which the mortgage is discharged. The amount is $6,000. In addition we are giving them $1,000 outright for furnishings. As I say, that indicates the direction of our efforts.

The educational system today is better than it was five years ago, and we are getting a very good response. I am aware that there is difficulty in the particular area mentioned by the hon. member but I think he will agree with me that if we brought down 40 or 50 young men to Toronto or a place like that, and put them into a school, we would quickly lose some of them. A great many of them would return, and that is the difficulty. I think Indians require a certain maturity before being brought down from the reservation. In other words, I think an Indian can leave the reservation too soon as well as too late. We should bear all these things in mind. However, I appreciate the hon. member's comments.

Mr. Orlikow: I wish to direct a question to the minister. Before the reorganization of the manpower training programs, for which the federal government has assumed total responsibility, I am given to understand that under program No. 5, as it was called, approximately 2,000 Indians had qualified and were taking training courses for which the government paid. The government also gave a training allowance. It was not as generous as the allowances now being paid. Nevertheless, training allowances were paid.

• (8:20 p.m.)

I understand that the courses which the majority of Indians were taking were not really courses to fit them for paying jobs in urban centres; Indians, particularly those on remote reserves, do not have the education to qualify them for courses designed to turn out bricklayers or steel workers, for example. But they were taking courses fitting them to fit a better life on the reserves—instruction in methods of building houses, and so on. I understand that the training courses now under the jurisdiction of the department of manpower are oriented almost completely toward training to provide paying jobs on the urban labour market. I am told that last year well over 2,000 Indians were being trained in Manitoba, and that the number has now dropped to only a few hundred. Is it the intention of the department of Indian affairs to develop programs which will at least provide the Indians with the type of training they received before the reorganization, which took place under the department of manpower?

Mr. Laing: The type of assistance formerly given by the department of manpower has been referred to by the hon. member for Timiskaming. It went only so far. It was the department's view that it was not justified in making the type of investment it was making in this field, because the results were not good enough; they wanted faster results from their policy of helping people to change from one job to another. The Indian people, as pointed out by the hon. member for Timiskaming, have to begin at another level. All this has imposed an added burden on my department.

We are extending our range and introducing programs which involve the movement of considerable numbers of people, recognizing that Indian families like to stay together. In co-operation with the department of manpower we moved about 350 people into the Okanagan for seasonal employment—employment was available on a fairly steady basis from the middle of March until October. The

results were excellent; it would seem that the Indians are happier to take jobs which provide a change of scenery, a move from one place to another.

We have nothing but the highest praise from the fruit growers of that area and we are expecting to step up this program during the current year. To a lesser degree the same plan has been followed in southern Ontario, bringing in Indians from the northern reaches of the province. Here we can hope for a useful secondary result, because the younger people, as they become familiar with the industrial climate in the southern part of the province, may acquire a confidence and a capacity to make more extensive contacts there. This consideration does not of course relate to Indians living on reserves in the southern part of Ontario, but to those in the upper reaches of the province and in the far north. I believe we are making great progress under our educational system in the southern areas where Indian children are integrated in the schools with white children. The results are most gratifying.

Mr. Orlikow: My understanding is that before the change in arrangements between the federal and provincial governments more than 2,000 Indians were taking courses of one kind or another. Can the minister tell us how many Indians in Manitoba are taking courses today?

Is the hon. gentleman's department filling the gap by doing the work which was formerly done by the joint federal-provincial program? That is the first question I should like to put to the minister; I do not expect him to have the figures before him, but perhaps he can let us have this information on another occasion.

My second question is: what is the department doing in co-operation with the Department of Labour to ensure that the large-scale development in mining, in lumber and, hopefully, in the pulp and paper industry in northern Manitoba, is leading to the increased recruitment of Indians as employees. Each of the industries I have mentioned requires large numbers of workers. For example the International Nickel Company at Thompson has announced—I am speaking from memory —that in the next ten years it will be doubling its labour force. At present the company is carrying on an intensive campaign to encourage immigrants to come to Canada. Problems are arising because some of the recruiters have been making the most extravagant claims to workers in Germany, for example.

How much is the government doing to encourage such companies as this to hire local labour rather than go to Europe and other places for their workers? It seems to me that a major effort should be made by the department in co-operation with the department of manpower to persuade these companies to hire Indians. How many Indians are on the labour force at Thompson, for example where four or five thousand people are working for International Nickel? It seems to me that an approach along these lines would be the best way of helping Indians to get profitable work, enabling them to look after themselves and their families.

Mr. Laing: I do not have the exact figures here, but I can get them for the hon. member. I am told there are some 70 pupils in Manitoba receiving vocational training—which is not many. We operated about 20 adult classes in the province last year.

The hon. member asked what the department is doing to improve employment opportunities for Indians. The best example I can give him is the contract we made with the Anvil Mining Company in the Yukon. This company has undertaken that initially 5 per cent of its work force will consist of native people, the proportion to rise to 25 per cent within five years.

This is a result of the influence we were able to use because we contributed in part to the construction of roads and the provision of power in connection with this enterprise.

Mr. Orlikow: Yes, but at Thompson the provincial government played exactly the role which the minister says the federal government played in the case he mentioned. It seems to me the federal government should be working with the provincial government to encourage International Nickel, and other companies that go into the area, to employ as many of the local Indian people as possible. They are doing what they have traditionally done, setting up elaborate recruiting programs in Great Britain, Germany and every other country in western Europe.

• (8:30 p.m.)

Mr. Schreyer: On this item for $2 million I wish to point out that the department's policy is to encourage more integration of Indian children in non-federal provincial schools. In my area of Manitoba this policy has been operational for a brief period and so far seems

to have met with success. But we still have a long way to go in respect to reserves in the more northern areas, far beyond the settled regions.

On at least two reserves in the area I represent, children do not show up for school for many weeks of the year, during springtime, trapline time as it is called. This is a long standing problem, and I am just curious to know if the department has come up with new ideas with respect to the education of Indian children on these more remote reserves. It is a basic, elementary problem, and that is all the more reason that there should be more soul searching on the part of the department.

The minister will recall that several months ago when the Department of Manpower and Immigration decided not to continue providing Indian people with the basic literacy skills upgrading program, considerable dissatisfaction was expressed by some band councillors and chiefs. On the late show I raised this question on one occasion and I recall the minister saying that if this remained the policy of the manpower department the responsibility would be all the heavier on his department to increase its activities and expenditures with respect to adult education. Is his department's effort in this direction significantly on the increase, or has it reached its practical limit?

Mr. Laing: Mr. Chairman, we increased the amount of education we provide in this area to take up the slack when the manpower department decided it was not economic for it to continue their program. This gives me an opportunity to explain why we are asking for this $2 million. Principally it is because the school boards have raised their costs to us. We pay 100 per cent of the cost of education in the provincial system. The estimate of $18 million was based on experience of the previous year, but in most instances the cost of education increased over the past year and so we have to pay a higher rate than previously. In addition we are undertaking this adult education work. I could give the hon. member the details of the extent to which we have occupied the position vacated by the manpower department, and I will be glad to write him in this respect.

Mr. Schreyer: If a reserve is large, so large that it might justify the construction of a federal school, is it still the department's policy to encourage the integration of Indian children in non-federal schools? I am thinking of a large reserve adjacent to a town that has a good conventional provincial school.

[Mr. Schreyer.]

Mr. Laing: Yes, sir, we are doing that in many places. I would much prefer to carry the cost of bussing the children to an integrated school, so long as it is not too distant, than to incur the cost of building a federal school on a reserve.

Mr. Fawcett: It is not my intention to make a speech or ask a question, but merely to make a representation to the minister. When the hon. member for Timiskaming was speaking, possibly his story rang a bell in the mind of the minister because this is a question I have taken up with him. It concerns a reserve in my riding which will be located in a new riding after redistribution, and one of my complaints is with respect to the location of the reserve. My hon. friend from Timiskaming, with whom I visited the reserve, mentioned that it was eight or ten miles from the local town. Actually the distance is 18 or 20 miles.

On occasion there are opportunities for Indian men to be employed as guides during the summer, but because of the location of this reserve the men on it miss out on these opportunities. There are two tourist operators in the area who sometimes require the services of guides, but because the Indian reserve is such a distance from town they do not have time to go out and collect the guides for this work. My only point in speaking now is to make a further representation to the minister to move this reserve closer to the town.

I strongly urge the minister to look into the situation on the Mattagami reserve and see if something can be done to move it closer to the main centre of population. In passing, and dealing with education, may I say that when we visited a reserve and we entered a home it was always evident whether the children had received some education.

Discrimination is practised in the employment of Indians. When the Bell Telephone Company constructed a new pole line in the area it did not hire Indians, even though they requested employment on the work gangs. True, not many workmen were involved, but the Indians felt badly when they were refused work, particularly since their income from trapping is now so low.

• (8:40 p.m.)

Mr. Peters: May I ask one question, Mr. Chairman. In respect of this particular situation on the reservation, I am wondering whether the Indian agents are provided with any type of assistance that would allow them to provide counselling service in this field of

retraining or training people so that permanent employment might be provided for those who have the necessary education to take advantage of it. Because of the distance to the centres where the training would be available it would seem to me that this counselling service should be provided. It seems that in this case the agent did not have the opportunity or perhaps the facilities that would enable him to provide this type of counselling. I am wondering whether there are any counsellors available who could be sent around once in a while to help in this field of job retraining.

Mr. Laing: Mr. Chairman, I do not have the information which would enable me to answer the hon. gentleman's question. I will endeavour to obtain it and give him an answer.

Item agreed to.

(The following items were agreed to:)

Northern Program—

20c. Administration, Operation and Maintenance including grants as detailed in the Estimates, $1,860,778.

21c. Reimbursement of Northern Administration Revolving Fund for the value of stores which have become obsolete, unserviceable, lost or destroyed, $24,514.

30c. Northern Mineral Development Assistance Grants—To extend the purposes of Indian Affairs and Northern Development Vote 30 of the Main Estimates for 1967-68 to authorize the expenditure in the current and subsequent fiscal years of amounts not exceeding in the aggregate the sum of $6,500,000 for Northern Mineral Development Assistance Grants and to reduce the total commitment authorization granted pursuant to the provisions of Northern Affairs and National Resources Vote 7A of Appropriation Act No. 9, 1966 and Indian Affairs and Northern Development Vote 30b of Appropriation Act No. 7, 1967 to an amount not exceeding in the aggregate the sum of $18,000,000, $3,500,000.

34c. Payment to the Government of the Yukon Territory in accordance with an agreement to be entered into by the Minister of Finance, with the approval of the Governor in Council, on behalf of the Government of Canada, and the Commissioner of the Yukon Territory, on behalf of the Government of the Yukon Territory, such agreement to provide (on such terms and conditions as may be agreed upon) that the Government of the Yukon Territory will not impose, levy or collect individual income taxes, corporation income taxes, corporation taxes or succession duties, as defined in the agreement; the payment to the Government of the Yukon Territory under the agreement to be calculated on the following bases:

(a) A subsidy of eighty cents per head in respect of the population of the Yukon Territory as determined by the 1961 census;

(b) A grant in aid of the Government and Council of the Yukon Territory of $30,000; and

(c) An operating grant in the amount of $3,054,000 as a contribution towards the estimated operating deficit of the Government of the Yukon Territory in the current fiscal year;

together with payments in respect of amortization payments on outstanding loans for capital expenditures in the Yukon Territory, as provided in the agreement; (the amount payable in respect of the current fiscal year to be reduced by the aggregate of all interim payments made pursuant to Indian Affairs and Northern Development Vote 32 of the Main Estimates for 1967-68), $1.

36c. Reimbursement of the national and historic parks revolving fund for the value of stores which have become obsolete, unserviceable, lost or destroyed, $59,267.

Mr. Schreyer: Mr. Chairman, vote 36c is quite small but it has to do with national parks and allied matters. I should like to ask the minister whether his department has had any success in recent months in making a determination concerning the site of the proposed second national park in Manitoba. As the minister knows, this has been a subject of continuing study and investigation over the past 18 months and perhaps more. Has the province of Manitoba been more easy to deal with and has a decision been taken in this regard?

Mr. Laing: Mr. Chairman, I think in a reply some time ago in the house I indicated a survey of two areas had been taken. One I believe was close to the Ontario border. There has been some discussion but there has been no indication of haste on the part of the provincial government at this time.

As my hon. friend knows, our act requires that the provincial government obtain these properties and turn them over to us free of encumbrances. In most instances this involves an expenditure of funds and there has been a tendency of recent origin for them to postpone such expenditures. I do not wish to charge them alone with having this tendency, because that might be our posture at the present time too. However, in those areas where capital expenditure is not required I think we should move forward.

Mr. Peters: Have any overtures been made to the department concerning the development of a national park in northeastern Ontario?

Mr. Laing: My reply to that is that there are several areas which have been under rather intensive survey for the last year and a half. This is continuing at the present time.

Item agreed to.

(The following items were agreed to:)

Northern Program—

L45c. To extend the purposes of Indian Affairs and Northern Development Vote L45 to make loans to the Government of the Yukon Territory in the current and subsequent fiscal years for capital expenditures on terms and conditions approved by the Governor in Council, $1.

L52c. To extend the purposes of Indian Affairs and Northern Development Vote L52A, Appropriation Act No. 7, 1967, to make loans to the Government of the Northwest Territories in the current and subsequent fiscal years in accordance with terms and conditions approved by the Governor in Council for capital costs incurred in establishing the Government of the Northwest Territories in Yellowknife, Northwest Territories, $1,695,000.

L53c. Loans to the Government of the Northwest Territories in accordance with terms and conditions approved by the Governor in Council to allow the Commissioner of the Northwest Territories to assist in financing the construction of housing for its employees by the making of loans to building contractors on the security of second mortgages, $180,000.

The Chairman: This completes the supplementary estimates of the Department of Indian Affairs and Northern Development.

The committee will now proceed to consideration of the supplementary estimates of the Department of Labour.

DEPARTMENT OF LABOUR

(The following items were agreed to:)

5c. Administration including the promotion of Labour-Management Consultation, $30,000.

Central Mortgage and Housing Corporation—

L71c. To increase by $375,000,000 the aggregate amount that may be advanced by the Minister out of the Consolidated Revenue Fund under subsection (1) of Section 22 of the National Housing Act, 1954, for the purposes set out in that subsection, $1.

The Chairman: This completes the supplementary estimates of the Department of Labour.

The committee will now proceed to the consideration of the supplementary estimates for the Department of Justice.

DEPARTMENT OF JUSTICE

1c. Administration, including grants and contributions as detailed in the Estimates, $1.

Mr. Gilbert: Mr. Chairman, I wonder whether the Solicitor General, who is handling the estimates for the Minister of Justice, could tell us what this item is which refers to a contribution to Queen's University in defraying the costs of a Canadian conference on computers and the law to be held in June.

[Mr. Laing.]

Mr. Pennell: Mr. Chairman, the supplementary estimate 1c of the Department of Justice is a $1 item. This is to authorize a grant to Queen's University to assist in defraying the cost of a Canadian conference on computers and the law. The item is included only to obtain the necessary authority to make the grant.

The conference is scheduled to take place at Kingston, Ontario, early in June, 1968 and is being hosted by the faculty of law at Queen's University. Emphasis will be placed on legal information retrieval techniques, legislation consultation and editing programs, central registry and data banks and on property rights, privacy and related legal questions.

It is hoped to bring together at this conference delegates from Canadian and American universities, from the federal and several provincial governments, from law publishing firms, from computer manufacturers and from law firms already employing such methods for commercial purposes. Mr. J. W. Ryan will be a representative from the Department of Justice and has been asked to act as a commentator on several papers which are to be given on legislation editing, revision and consultation.

Mr. Gilbert: Would the Solicitor General or the Minister of Justice consider sending a representative from the standing committee on justice and legal affairs to this conference?

Mr. Pennell: Mr. Chairman, since this is only a $1 item, at the moment I am not in a position to grant the suggestion of the hon. member. However, if it is possible to obtain reports of this conference I will certainly see that they are made available to the hon. member and any other interested hon. members.

Mr. Orlikow: Mr. Chairman, I should like to direct several questions to the minister. I realize he is only the acting minister, and that he may not be in a position to answer today. However, these are questions to which I would hope the government is giving some consideration.

First of all, I wish to raise a matter which has been raised several times with the Minister of Justice. This has been highlighted today by reports which appeared in a Toronto newspaper concerning a high school student who had never been in trouble with the law before, who had an unblemished record up until now, who had planned to go to university and who appeared in court yesterday on a charge of being in posession of marijuana.

This person was given a sentence of six months.

Mr. Chairman, I do not profess to have the answer to the marijuana problem, but I do know that all the experts, if there are any—and I do not believe the police are experts—are agreed that marijuana is being used, if only once or twice, by a very large number of young people and is readily available in every university in Canada. I am sure the minister knows more about this subject than I, but I believe the experts do not agree among themselves concerning the danger of marijuana. There certainly is a good deal of argument against the suggestion which has been made by certain police authorities and others that from marijuana one frequently graduates to the traditional narcotics. The experts certainly are not in agreement that the way to deal with the marijuana problem is to sentence everyone to a prison term. Yet, according to the answers to some questions asked recently, that is the policy the department apparently is following.

• (8:50 p.m.)

I hold no brief for this young man who was convicted yesterday. It may be that he had a relatively large amount of marijuana in his possession, and it may be that he was not a user but was actually selling it. However, from the two newspaper accounts which I have read there does not seem to have been any investigation in depth carried out or any evidence that he was in fact selling or pushing the marijuana. It seems to me the department ought not to fall as easily as it seems to have fallen into the policy whereby crown prosecutors are virtually instructed to advise the courts to impose jail sentences on first offenders.

It seems to me that if the police are very active it will follow that we will have thousands of young people in jail. I do not think the minister would like that to happen. However, from what I have been able to discover there are thousands of young people who on occasion try marijuana, perhaps for the first time. It is conceivable that the police in Montreal, Toronto, Ottawa or Winnipeg may find 15 young people smoking marijuana, 12 of whom are trying it for the first time. Under present circumstances they would all get a jail sentence. I hope the department will have a very hard and careful look at this whole question in consultation with medical authorities.

In addition, I should like the minister to advise us what the department intends to do about bail problems. Today's Toronto *Globe and Mail* reports that two youths spent six weeks in Don jail because they were unable to raise $500 bail. Apparently they were awaiting trial after pleading not guilty to charges of possession of marijuana. It seems to me there is something wrong with our system which permits individuals to get out on bail if they have money or friends who have access to money, while at the same time it keeps two young men, such as I have mentioned, sitting in a jail in Toronto for six weeks.

I commend to the minister's attention, or to the attention of the Minister of Justice, the words of Dean Maxwell Cohen of the law school at McGill who said at a human rights conference, as reported in the Montreal *Star* on March 25:

> —this country's bail system is at best semi-satisfactory and corrupt. Many socialists . . . feel that most of those placed before the courts could and should be released on their own recognizance.

I am wondering whether the department is giving any thought to changing the law in respect of bail, which I think is completely unfair.

Will the minister make some comment about government intention to deal with wiretapping? Let me remind him, in the event that he has forgotten that before he became a minister he had a bill on the order paper dealing with this matter. I am disturbed by the reports on the news last night and in the papers today to the effect that Quebec provincial cabinet ministers feel they have strong evidence that their telephones are being tapped. It is a sad day in this country when ministers of the crown, let alone ordinary citizens, have to worry about what they say on the telephone when talking perhaps to deputy ministers because their telephones may be tapped. Is the government giving any consideration to legislation which would make wiretapping and electronic eavesdropping a crime punishable by something which would at least discourage this widespread practice? I am sure the minister will agree that this is taking place.

Mr. Pennell: Mr. Chairman, having regard to the question raised by the hon. member in respect of wiretapping, perhaps I may be permitted to quote myself. In this way I could acknowledge the author and also indicate the consistency of my views regarding electronic

devices and wiretapping. I stated publicly in Calgary last August:

> I feel that the interception of private communications either by wiretapping or by the use of electronic listening devices should be made a criminal offence, except for the purpose of collecting evidence in criminal prosecutions by law enforcement officers, where they are acting upon specific authority given in individual cases by a competent court.

I wish to say to the hon. member that I am prepared to urge that view upon my colleagues. Indeed it is my intention to do so. I am awaiting the report of the royal commission on security because this is an element which may be considered in that report.

Upon the question of bail, again if I may be so presumptuous, I should like to quote from a speech that is being delivered this evening, almost at this very moment on my behalf, by the parliamentary secretary to the Prime Minister which contains the following:

> I have now received an interim report of the Canadian committee on corrections dealing with matters of bail. The report recommends—I heartily concur in it—that the criminal code should be amended to provide for a more liberal use of summons—with warrants for arrest being restricted to use on charges of a serious nature. I also believe that courts should have better information upon which to base a decision relating to the amount of bail. Unless the presiding judge or magistrate is given full information about the accused—his background, family, employment and finances, the court may not be able to properly assess bail conditions. To condition bail primarily on the ability of the accused to raise bail funds, rather than his character and background, may tend to discriminate against the accused who is financially disabled.
>
> For the most part the courts have concentrated primarily on the type of offence committed as the criterion for setting bail. I would respectfully suggest that when the alleged offender appears to be a good risk for bail his income and assets should be taken into account so that there will not be discrimination against the financially poor accused. After all, bail is primarily a deterrent to prevent default of appearance for trial.

I do not hesitate to say that I propose to put this as a recommendation before my cabinet colleagues.

In conclusion let me say that the question in respect of marijuana is very serious because of increasing use. I have made a number of statements to the public on this subject. I feel it is a subject about which we do not as yet have sufficient medical knowledge. I sympathize with the suggestion made by the hon. member for Simcoe East earlier today during the question period. It is not a policy of the Department of Justice to suggest the penalty to be imposed on first offenders. Quite to the contrary, as I understand the policy, the department makes no representation as to sentence unless the court asks for the view of the prosecuting counsel. The case is then dealt with according to the facts.

If I am to judge by the number of prosecutions over the last 11 months, the use of marijuana is increasing. During the last 11 month period there were 1,915 prosecutions launched for offences involving the use of drugs, as compared to 946 prosecutions during the previous 12 months. I suggest that these figures demonstrate the scope and nature of the problem we are facing on the law enforcement side. However I look forward to having consultations with my colleague the Minister of National Health and Welfare, with a view to perhaps setting up a new approach and taking further measures to reform the law regarding the use of marijuana.

Mr. Rynard: I should like to ask the Solicitor General whether he will consider setting up a commission to deal with this problem, which involves both the Department of Justice and the Department of National Health and Welfare. This is one of the most serious problems that confronts the nation today.

• (9:00 p.m.)

There are in connection with marijuana several problems that remain unsolved and questions still unanswered. Who is pushing it? Who is manufacturing it? From which sources are our young people getting it? I believe these sources have to be uncovered. Perhaps the minister knows the answers to these questions. This drug is getting into all our organizations, high schools and institutions.

The sad part about it is that I am not so sure we really understand the physiological and psychiatric reactions to the drug, nor do I believe we know whether its use leaves any damage to the human system. We do not know the effects of the partial or prolonged use of the drug on the human system.

This is a serious problem and it is growing. The only way to solve the problem is for the Solicitor General to get busy, bring these people together and set up a commission that will study the problem not only from the standpoint of justice but from the medical standpoint, reactions to the drug and what its use does to the human system.

I also believe we must be more vigorous in finding out the sources of supply of marijuana. Is it a Mafia operation? Who is pushing it? I ask these questions because the supply

of marijuana is becoming greater all the time. I believe that speed is of the essence in dealing with this problem. All that can be done at the present time is to stop the supplies of this drug which are going into our high schools and universities, because once it gets into these institutions you find pushers right there and students can very easily supply their fellow students.

This is a very important matter and I know the Solicitor General realizes its importance. So many times we become frustrated in this house. We talk about things, but in the long run we do not attack the problem with speed, as we should. I know the Solicitor General sympathizes with what I am saying. I should like to see him really do something about this problem, and do it right away.

Mr. Pugh: Mr. Chairman, when the Solicitor General was speaking just now I gathered from his remarks that he felt we should go further in handling this problem, namely into the field of national health and welfare. I gathered from his remarks that perhaps talks are about to commence in this regard, because he referred to an increasing number of prosecutions, and so on.

I wonder if the Solicitor General would tell us whether he is paying more than lip service to the problem and that he has already approached the Minister of National Health and Welfare in order to arrive at some way of combating the pushing of drugs. Perhaps the minister is going so far as adopting the suggestion made by the last speaker, that a commission should be established so that there would be carried out an inquiry in depth as to the drug pushing and the use of drugs in Canada, including the effects of their use on the human system.

I am sure the people of Canada would be most happy to hear the Solicitor General's words on the subject, if he can give us some idea that more than lip service is being paid to the matter and the government is not just considering the problem but is actually doing something about it.

The doctor who has just resumed his seat, the hon. member for Simcoe East, suggested in the House of Commons earlier today that a commission should be set up. This has been the theme of many, many speeches that he has made not only in the house but in committee. He has said that the establishment of such a commission is an absolute necessity for Canada if we are to combat the pushing and use of drugs. It is not good enough to give responsibility to just one department such as Justice or the Department of the Solicitor General. Our national health and welfare is involved in this question and it is an absolute necessity that this department be extremely active in combating the problem. Therefore, if the Solicitor General has anything to say on this problem, I would ask him to do so now.

Mr. Pennell: Mr. Chairman, I wish to state explicitly that I share the concern that has been voiced by hon. members opposite with regard to the law enforcement aspect of the problem. I would again advise the committee that the deputy commissioner of the R.C.M.P. made a special visit to Washington less than a month ago to confer with the officials of the narcotics bureau in that city. Within the last seven or eight weeks the commissioner also convened a special meeting of the assistant deputy commissioners heading the several divisions across the country and they discussed, among other things, the drug problem.

The R.C.M.P. is in continual touch with all other law enforcement agencies concerned with trafficking in drugs on the North American continent. I say sincerely that I share the view expressed by the hon. member for Simcoe East, who said that we do not yet know enough about the dangers involved in the use of marijuana. I agree that we ought to carry out more research and bring together the experts who have the necessary medical knowledge. I say sincerely that I will take up this matter with my colleague the Minister of National Health and Welfare. I am not of course in a position to say what form the inquiry will take, if my efforts are successful.

Mr. Peters: Mr. Chairman, this is a very interesting subject and one that has received a great deal of attention. I should like to hear the Solicitor General say that his department is not advising the imposition of the six months sentences that I hear the courts are imposing at the present time. Even the use of the word "drug" is rather a travesty of the technical term. I have read the articles which established marijuana as a drug and have discovered that there is a great deal of difficulty selling to the rest of the world the idea that marijuana should be included in the list of drugs.

It seems to me that if this kind of prison sentence is imposed we will not eliminate or cure the problem at all. I believe that the Solicitor General should be recommending that no prison sentence be imposed, under

any circumstances, on the users of marijuana. As the hon. member for Simcoe East pointed out, the difference between a user and a pusher is where the difficulty has arisen. The use of marijuana now takes place not only in our universities and colleges but has become a very serious problem in that its use has extended into our high schools, and indeed down to the public school level and involves children of the age of 10 or 12. It is a very cheap product. It is very easily obtained. It seems to me that if we are to put in jail all those people who are experimenting with marijuana, it will really be a travesty of justice.

I can see no point at all in giving a person a prison sentence for using marijuana if it is not detrimental to his health or to society in general. The police have been awfully stupid in some areas in regard to this problem. A great effort should be made, as the hon. member for Simcoe East said, to study the problem and find out why and how marijuana is being pushed.

I believe we have made very serious mistakes in the past in regard to drugs and the manner in which they are dealt with under our law. Surely we are not going to take marijuana and put it in the category of whisky during prohibition. The situation we now face in respect of drugs is parallel to that which existed at the time of prohibition. Many people then drank whisky only because it was hard to get, and its sale was illegal. We now find kids saying to each other: I tried marijuana; I'll bet you are scared to try it. This is almost the same situation that everybody faced when smoking his first cigarette. To make the use of marijuana a criminal offence is not, I think, receiving from the Department of Justice the consideration that the problem warrants. I certainly feel that the community is not being helped by putting a 15 or 16 year old in jail for having used marijuana when everyone knows that marijuana has been available to almost everyone in the school.

• (9:10 p.m.)

I understand there is a more serious problem about which the police should start worrying, and that is the extent to which heroin is being added to marijuana and circulated in the schools. It is going through the mails from Toronto and Montreal to be distributed in various areas. This is the sort of thing about which the police should be worried. The criminal part of the operation, as the hon. member for Simcoe East mentioned, is the pushing of marijuana. Why is it being pushed, and what money is involved? I think the Department of Justice should be interested in ascertaining how marijuana is available in such large quantities and at such low prices. How is it being distributed in such a formidable way in high schools and colleges without the police being able to make a haul of this marijuana?

I can remember one occasion, Mr. Chairman, when the R.C.M.P. went into an Indian reserve and cut 20 tons of marijuana. I do not know how many cigarettes 20 tons would make, but that would be like cutting 20 tons of hay. The amount of marijuana being circulated is in the tons, not pounds. If the police are going to do anything, let them concentrate on that end of the problem. This country is not going to solve a social problem by putting teenagers in jail because they have experimented with marijuana. They are not committed or continual users of hashish. This is a problem the police have not tackled. I believe the minister should be interested in how this stuff can be transported around the country without any indication of its importation. If we do not import it from other countries, then we must grow it. The material still has to be transported in very large trucks because it is a weed that has to be handled in a manner similar to the handling of sweet hay. I suggest that some consideration should be given as to how this circulation takes place. We should not send young offenders to jail just to satisfy the do-gooders.

Let me suggest to the minister that he is going to have to act on this problem very quickly. If he does not, then no one is going to give a dam about the law. They will not care what happens to L.S.D. because there is nobody who has really considered this matter who believes that marijuana is in the same category as other drugs. The reason the covenant was signed with marijuana in it is that after a great deal of study it was believed this problem had got out of hand, not in a narcotic sense but in an international trade sense. We have not faced this problem in the 40 years since that time. I think it is time we looked at it, or we will not be able to solve the more serious problem of L.S.D. If the younger people are convinced that the law is an ass in this case, and they are the citizens who are going to be making the laws tomorrow, then you are going to find that their respect for the law will be nil. I believe the minister is sufficiently aware of the social

changes that may take place to realize that something should be done very quickly or there will be a whole generation of children growing up who have no use for the law because it does not appear to be reasonable or fair.

Mr. Gilbert: Before the minister speaks on this problem of marijuana, I should like to set forth the suggestion that has been made in legal periodicals. It is that when young persons are charged with the possession of marijuana the magistrate or judge should have the power to not proceed with that charge for a period of 12 or 18 months. If the person has not been charged with a similar offence during that period, then the charge should be dropped. The hon. member for Timiskaming pointed out the danger of convicting young people for the possession of marijuana, people who may be trying it for kicks, as they say. I believe the minister should give serious consideration to this approach. It is an approach that some European countries are taking, not only to marijuana but to other offences when young people are charged because the consequences of conviction bear heavily on employment, bonding and travel. Young people could be tagged with a criminal conviction at an early stage in life as a result of the consequences of some dare or experiment they may have taken up.

There are two other points to which I should like the minister to speak. The first is the problem of expunging criminal records. The standing committee on justice and legal affairs made a report on the expungement of such criminal records. I should like to ask the minister if the government intends to act on that report. Many people across Canada are concerned and we should really become active with regard to this problem.

The second problem relates to fingerprints. When a person is charged under the Criminal Code he is photographed and fingerprinted. Then the trial takes place, and if that person is acquitted I should like to know just what happens to those fingerprints. Surely Canadians have the right to have those fingerprints destroyed. We had a dramatic example in Toronto last week when a person was found dead. There was difficulty in identifying the person, but they did identify him through fingerprints that had been obtained when he was charged with a rather minor offence of assault. I feel Canadians are entitled to have fingerprints destroyed if they are acquitted of charges. I should like the minister to comment on that problem.

Mr. Pennell: If I may be permitted a word or two, Mr. Chairman, I am sure the hon. member for Broadview will be pleased to learn that yesterday I affixed my signature to a memorandum to my cabinet colleagues on the matter of vacating criminal records. I hope to join with that proposal one relating to bail bonds. If the memorandum receives approval of my colleagues I hope to translate it into a bill. If it comes to pass that I am in a position of ministerial responsibility, I would hope to introduce the bill and send it to the appropriate committee of the house for examination.

Mr. Gilbert: I wonder if the minister would express his views with regard to the problem of fingerprints? Just what is the policy of the government? Does it destroy these fingerprints if a person is found not guilty of a criminal offence, and why should they not be destroyed if the person is not convicted?

Mr. Pennell: Mr. Chairman, I speak subject to correction on this point. It is my understanding that for the most part where a person has been acquitted the fingerprints are destroyed. I must concede that there have been instances, to my own knowledge, in which the fingerprints have been retained. However, in my memorandum to my colleagues relating to the vacating of records I also dealt with the question of fingerprints.

Item agreed to.

The Assistant Deputy Chairman: This completes the supplementary estimates of the Department of Justice.

• (9:20 p.m.)

The committee will now consider the supplementary estimates of the Department of Trade and Commerce.

DEPARTMENT OF TRADE AND COMMERCE

(The following items were agreed to:)

General Administration—

1c. Departmental Administration—To extend the purposes of Trade and Commerce Vote 1 of the Main Estimates for 1967-68 to include the grant detailed in these Estimates, $1.

10c. Canadian Government Exhibition Commission, $268,800.

1967 World Exhibition—

29c. Canadian Government Participation in the 1967 World Exhibition, Montreal, $260,540.

Special—

35c. Payments to the Canadian Wheat Board in the 1967-68 and 1968-69 fiscal years in accordance with terms and conditions prescribed by the Governor in Council in an aggregate amount equal to the difference between

(a) the total moneys derived from all sales of wheat made by the Canadian Wheat Board during the period from August 1, 1967 to June 30, 1968, inclusive, at prices below the prices determined by the Governor in Council to be minimum prices for wheat consistent with the minimum price set forth in the International Grains Arrangement for No. 1 Manitoba Northern Wheat, and

(b) the total moneys that would have been received had such sales been at the said minimum prices, $15,000,000.

L95c. To increase to $1,650,000 the amount that may be charged at any one time to the special account mentioned in Vote L78d of the Appropriation Act No. 2, 1966, that was established for the purpose of providing Working Capital Advances to posts and advances to employees on posting abroad; additional amount required, $500,000.

The Assistant Deputy Chairman: This completes the supplementary estimates of the Department of Trade and Commerce. The committee will now consider the supplementary estimates of legislation.

LEGISLATION

The Senate—

5c. General Administration, $153,000.

Mr. Knowles: Mr. Chairman, I should like to ask one question on this item, and I am looking at the Solicitor General. Perhaps he will either answer my question or tell me who will answer it. Is anyone in a position to make a statement?

Mr. Pennell: Mr. Chairman, I should like to ask that this department be stood temporarily. The Minister of Industry is dealing with this item and he has been called out of the house. If I can have the approval of the committee I should like to move to another department.

The Assistant Deputy Chairman: Is it the desire of the committee that the legislation estimate be stood until the minister appears?

Some hon. Members: Agreed.

Item stands.

The Assistant Deputy Chairman: The committee will now consider the supplementary estimates of the Department of Agriculture.

DEPARTMENT OF AGRICULTURE

Research—

5c. Administration, Operation and Maintenance—to extend the purposes of Vote 5 of the Main Estimates for 1967-68 to include a contribution of $10,000 to the Town of Kapuskasing towards the construction of a road, $1.

[The Assistant Deputy Chairman.]

Mr. McKinley: Mr. Chairman, before these estimates pass I should like to make reference to a letter I received yesterday from the Ontario Cream Producers Association. That association is not very happy with the new dairy policy of the government, and I thought this would be a good opportunity to place their views before the minister, before he makes a final announcement of next year's dairy policy.

I should like to refer to some of the recommendations that they have to make. They have three main recommendations as cream producers about which they are deeply concerned. The first recommendation is for a quota cut-off level at which they would be eligible for subsidy payment. Second, they recommend a special subsidy of 5 cents per pound butterfat for farm-separated cream production. Canada imported butter last year, and hon. members know that our cream producers' cream goes entirely into the production of butter. Some butter is made from surplus powdered milk, but not all. Their third recommendation is for compensation for small producers who are not eligible for subsidy payments if cut-off quotas are applied by the Canadian Dairy Commission.

I should also like to refer to a press release dated Ottawa, March 6, 1968 which sets out the stand taken by the executive directors of the Dairy Farmers of Canada and the Federation of Agriculture, and reads as follows:

Mr. Glen Cole, president of Dairy Farmers of Canada, said today he particularly wished to emphasize that under no circumstances can Dairy Farmers of Canada support or countenance the imposition of subsidy cut-offs to small volume milk producers unless adequate compensation policies are at the same time implemented for them.

Highlights of the dairy policy demands discussed today by the executive of the Dairy Farmers of Canada and the Canadian Federation of Agriculture representatives with the Minister of Agriculture and the Canadian Dairy Commission were:

An increase in the level of federal support of the price of industrial milk to $5 per cwt., f.o.b. factory, (now $4.65) as a minimum requirement for meeting costs of production and income needs of dairy producers.

A special payment to shippers of farm separated cream of 5 cents per pound of butterfat, in addition to regular subsidy payments, as a minimum measure to correct the inequity under the program to cream shippers which the present policy established.

Return to inclusion in the subsidy program of fluid milk shippers who are dependent on industrial milk sales for a significant portion of their income, to eliminate the unfair discrimination existing here under the present program.

Cash compensation for small producers in cases where the Canadian Dairy Commission decides to cut them off from future federal support on the basis of their low production levels.

As I was saying, Mr. Chairman, these recommendations came to me from the Ontario Cream Producers Association through the Huron County Cream Producers, and I wished to draw them to the minister's attention before he announced the dairy policy for the year commencing on April 1.

Mr. Peters: Mr. Chairman, a few brief words on this item. When the Liberal party in its 1965 election propaganda stated that it intended to put all small farmers out of business and leave only economic farm units in operation as a solution to agricultural problems, I felt at the time that this was doubtful of accomplishment and certainly of very questionable intent. However, it appears that the dairy policy that the government has been pursuing has accomplished just about that: it has put out of business a very large percentage of farmers. If it had not been for the intervention of a number of influential people last year 50 per cent of the farmers would have suffered a dislocation of their operations.

Mr. Clancy: Oh, come on; get on with it.

Mr. Peters: The member who made that interjection might be interested to read a report on the Canadian dairy industry, which was an ARDA project. This report went into the value of maintaining the family farm and also into some of the advantages of disposing of family farms.

This project was sponsored, Mr. Chairman, by the rural development branch of the Department of Forestry and Rural Development, and I should like to read part of a paragraph that is to be found at page 20 of the report:

> The farms producing less than 50,000 lbs. of milk per farm should be actively discouraged from shipping milk or cream by a two pronged policy. One aspect would be aimed at non-commercial farms and would be part of a general development plan in areas of concentration of subsistence farms.

I presume that would be the ARDA plan.

> The other would act through the price mechanism. By paying no subsidy whatever to farms shipping cream or milk in volumes less than 50,000, and by a program to consolidate small processing plants making it difficult to ship small amounts of cream particularly, it could be expected that the majority of farms with one or two cows and operating a substantial farm business in other directions, would no longer find it profitable to ship milk or cream.

This may be all well and good but for one fact, Mr. Chairman, and that is that we have not been able to compensate farmers whose operations have been dislocated. We may be well advised to discontinue the two to five cow farm operation, but we must offer an alternative to this. No one with any experience in mixed farming will say that the small farm with five or six cows cannot be economically operated. On that kind of farm there is no labour cost. The wife or kids milk the cows, and the cows are fed on a pasture that will grow very little, anyway. The milk from the cow is separated and the cream delivered to the local creamery, or butter is churned on the farm and the buttermilk used to feed the pigs or chickens. On that sort of farm the farmer probably gets a value of $1.09 in the utilization of his skim milk, and no other operation probably is as efficient in obtaining that sort of value from skim milk.

• (9:30 p.m.)

Cream producers and dairy producers want to know how the new program to begin on April 1 will compare with the program of other years. The minister intimated that before a farmer could receive a subsidy he must produce a minimum of 50,000 pounds of milk or its equivalent of 12,000 pounds of butterfat. Because of representations from many sources, that plan last year was not implemented. Instead, a farmer's minimum production in order to qualify for a subsidy continued on at 12,000 pounds of milk and 400 pounds of butterfat.

An hon. Member: Oh, get off the pot.

Mr. Peters: And if any milk is left over perhaps we could give it to our colleague.

I wonder whether the new program will allow farmers who have four or five cows either to get out of a dairy operation, if one can call it that where a man has four or five cows, or allow him to expand so that he can produce the minimum of 50,000 pounds of milk.

I now want to talk about some way to induce young people to take up farming. We shall reap many advantages if we devise some new way of valuing farm land. It should be valued on a different basis from that applied, say, to industrial or residential lands. Some way ought to be found of assisting people, possibly under some sort of lease, to take up farming and to make it pay. Every assistance ought to be given to young persons who want to enter farming, for the simple reason that many of them will never have enough money to buy a farm outright.

In northern Ontario new industries have been established. Timiskaming ranks among

the top ten cheese producers in Ontario, simply because we now have a second cheese factory. Yet we have not arrived at a system of equalization of transportation grants and we are having difficulty in getting the money for an amalgamated milk plant that will handle fluid milk, secondary milk and cheese efficiently. It must be remembered that in Canada we face increasing competition from dairy producers from other countries.

Butter from New Zealand was selling in Vancouver at under 37 cents a pound. I am sure that no member of the house will deny that if farmers in this country could get only 37 cents a pound for their butter, they would stop making it. Clearly, butter and dairy products are traded on the international market, and since we intend to produce a great deal of butter we shall have to sell it elsewhere. Certainly our butter production can outstrip our consumption. I hope that when the minister announces his new program he will take into consideration the need to help those farmers who will be displaced because of the program.

That program can be of advantage. I hope the minister will announce what will happen to the 30 per cent of our farming population which engages in mixed farming. These people sell for cash one or two cans of cream a week. Their cows produce only enough milk in the winter for immediate family consumption. If these people are eliminated from the farming picture, who will replace them? They will be taken off the farms in a relatively short period because of relatively harsh measures.

Mr. Jorgenson: I wish to deal for a few moments with the estimates before us. On March 5, when the minister spoke, he made a few statements I want to deal with. It has been a habit of the minister's, in our experience, to find some late hour in the evening to put a few remarks on the record that bear little relation to facts, and then to persuade the house leader not to bring that particular item back for several weeks, hoping that the members of this party will have forgotten some of the comments which have been made. I assure the minister, and I regret that he is not here, that I should now deal with some of his remarks of March 5.

Among other things he said that he had made as many speeches supporting agriculture as anyone in the house. I will not deny that. The fact remains that he has done as little for agriculture as any minister who has ever held that portfolio. The imagination he has used in developing agricultural policy is about as barren as the imagination that goes into an Air Canada breakfast.

[Mr. Peters.]

An hon. Member: Nothing could be that bad.

Mr. Jorgenson: For a couple of years now we have been waiting for him to introduce policies that would benefit the industry. I am sure most members of this house who represent rural areas cannot but be impressed by the apprehension one finds among farmers. They do not know what the prospects for the coming year are. There is uncertainty about prices; there is even more uncertainty about markets. Added to this there has been a tremendous increase in agricultural costs since the present government took office. According to the figures put out by the Dominion Bureau of Statistics the increase in the index of farmers' costs has continued to take place at an alarming rate. I should like to put on record some figures relating to this increase.

• (9:40 p.m.)

In the year 1960, four years before the change of government, the index stood at 272.7. By 1963 it had risen slightly to 298.6. But from that point on, when the present government took office, a dramatic increase began. From 298.6 it has risen to 367.5, an increase of 69 points in four years—and about 40 of these points have accumulated in the last two years.

There is apprehension because this government has shown no initiative in the marketing of Canadian grain and because it had permitted prices to drop to levels which pose a serious problem to farmers in western Canada. The minister is found of quoting income figures. I note that he quoted either gross income figures or net income figures. These do not give a true picture of real farm income, which is related more closely to net realized income. The net income figures which the minister quoted and which seemed to show a remarkable increase in farm incomes take into consideration an accumulation of inventory. A farmer may not have been able to sell a bushel of wheat, as is the case this year, yet net income figures will show a substantial net income. In 1961, for example when the peak of the drought had been experienced, the carry-over on western farms amounted to something like 607 million bushels. It had dropped to about 391 million bushels by 1962. The net income shown for that year was $362 million, yet the real net income because of the change of inventory

was $670 million, a considerable increase over the net income figures the minister likes to quote. If the minister puts figures on record purporting to show the real income position of farmers he should use realized net income rather than net income figures alone.

The minister went on to accuse us on this side of opposing an increase in the minimum and maximum levels of wheat prices because we had criticized the government for its part in the lapse of the international wheat agreement. What nonsense. We have suggested on this side that those prices could have been increased under the old agreement. I am not saying the new agreement is not just as good as the old international wheat agreement, but there was no need to allow the agreement to lapse so that there was no protection for farmers during that period. Immediately after the announcement was made that the old agreement was to expire, prices began to fall. If there was ever any doubt in the minds of anyone in this country as to the value of an international commodity agreement, it must surely have been dissipated as a result of the experiences of the past year.

To suggest that we were somehow or other opposed to an increase in the price of wheat is an indication of the type of tactics the minister follows in this house when dealing with legitimate questions raised by members of the opposition. The minister went on to say as reported on page 7316 of *Hansard* for March 5:

> I think this is very unfair criticism of the Canadian officials who carried on the negotiations—

He was speaking of the Kennedy round negotiations.

> The ministers attended at the conclusion of the Kennedy round and claimed very little credit for the great success the Canadian negotiators achieved.

The minister's tactic was to slough off his responsibilities on the negotiators, on the officials of the department who represented Canada during the Kennedy round, trying to convince the house that in some magic way he and his colleagues were absolved of their responsibilities and that the officials were the ones to blame, if indeed there was to be any blame. This was the attitude of the government when it took over, as far as the Canadian Wheat Board was concerned.

The present Minister of Finance fell over himself in his attempts to deprecate a former minister of agriculture, my hon. friend from Qu'Appelle, for having taken some responsibility for the selling of wheat during the period he was minister. The hon. gentleman said the present government intended to let the wheat board take the credit for such things. Well, they let the wheat board take the credit, but they have also let it shoulder all the blame—blame which rightly belongs to them for failing to maintain price levels. No amount of sneaking and snivelling on the part of the minister can change this fact.

• (9:50 p.m.)

With regard to dairy policy I am as convinced as the hon. member for Timiskaming that it is a deliberate and calculated policy on the part of the government to eliminate as many farmers as possible. Somehow or other members of the government have listened to economists who preach the doctrine of bigness, and they believe that by reducing the number of farmers the same amount of income will be divided among fewer people and therefore the whole problem will be resolved. But it does not work out this way. In spite of the fact that there are fewer farmers, their net income is being reduced.

How far does one go? At what point do you reach a farm of sufficient size to be economic enough to produce an income capable of maintaining a farmer on the land? What has been the experience on some of the bigger farms in both Canada and the United States? In fact some of the millionaires who own farms in the United States and Canada have shown losses. If they cannot show a profit I do not know who can, because they have the wherewithall to equip themselves with the type of machinery and to pay for the inputs that are necessary for proper, maximum production.

The doctrine that bigness is the answer to the farm problem must be destroyed before it destroys every farmer in the country. Recently the firm of Hedland and Menzies, which has been conducting a number of agricultural surveys throughout the country, undertook one for the county of Vulcan in Alberta. The purpose of the study was to determine whether or not increased acreage would result in increased income and productivity. The result showed that this was not the fact, that once you reached a certain point the net income levelled off and no matter how much bigger the farm grew beyond that point there was no appreciable increase in the net income. The conclusion was that an increase in productivity rather than an increase in farm size would be the better way of increasing a farmer's net return.

In my view there is no point in considering transfer of capital into agriculture in order to increase gross income unless measures are taken to ensure that farm costs are not going to rise to the point where there is no net income left for the farmer. Since the present government took office farm costs have been rising at a much faster rate than farm income. The government has set up commissions to study the question of farm machinery prices and farm costs. Undoubtedly those studies are necessary because obviously members of the government do not have any ideas of their own. They have also set up a task for us to determine agricultural policy. I suppose that is necessary for the same reason, but time is running out on them.

On the prairies we are again in the midst of a drought cycle. Last year there was a serious drought, and a very serious depletion of subsoil moisture. If there is a recurrence of the very minimal rainfall that fell last year there will be almost total failure in various areas of the prairies. At present farmers are very reluctant to buy fertilizer because of the great risk involved this year due to the lack of moisture.

Farmers are very reluctant to undertake the inputs that they normally undertake in order to achieve maximum production, because of the risks that are involved. They are also reluctant to take a chance that the government will be able to sell their product once they have produced it. As I said when I began my remarks, Mr. Chairman, I have never known more apprehension on the part of farmers than I have found this year. Unless something is done, and done very soon, it is going to be reflected in a very substantial decrease in the number of farmers in this country, and in a greater problem in finding something whereby farmers can earn a living. The government has shown no initiative and no responsibility in dealing with this problem.

Mr. Ormiston: Mr. Chairman—

Mr. Peters: Ten o'clock.

Mr. Ormiston: I do not wish to call it ten o'clock, Mr. Chairman. I have only a few minutes in which to make my remarks and I hope you will bear with me because I certainly agree with my hon. friend from Provencher when he says there is a great deal of apprehension in the agricultural industry today. There is no greater apprehension than among the turkey producers of this country.

[Mr. Jorgenson.]

Earlier today we asked a question of the minister on this subject, but he did not happen to be in the house. However this is a question which we have asked for months, urging that the government make some policy statement regarding the industry, which will give some satisfaction to those people who are engaged in that industry which means so much to the Canadian public. On several occasions the minister made statements, but they all seem to have fallen short of the need to give assurance to the Canadian turkey producers.

At this time, in the spring of the year, when we expect the industry to be flourishing, its production is falling far short of what is necessary. Orders for turkey poults this year are 26 per cent less than last year, showing the trend of dissatisfaction on the part of those engaged in the industry, and their reluctance to invest further in the business of producing turkeys. Certainly those people who have invested a great deal of money in the industry deserve some statement from the minister to assure them that they will be kept in business at a profitable level so that they can continue to render the service that they have given over the years to this country.

Mr. Grills: Mr. Chairman, I know the hour is late and I know that everyone wants to get along with the work and get out of here. However, there is a problem which I am alarmed about, and I am sorry the minister is not in the chamber tonight—although, having listened to many of his speeches I have found that listening to an Arnprior lawyer does not give much direction to the farmers of the country. I do not mean to be critical, but I must be.

I wish to quote from a letter which I received today from a constituent, which reads:

> I am writing you today concerning the subsidy on milk.
>
> Last year about this time I purchased this farm and on August 6th sent my first milk to—

And he mentions a cheese factory in Hastings county.

> At that time I applied for the subsidy on my milk, only to learn that I had to send milk on or before July 1st to qualify for the subsidy in that dairy year.
>
> I was wondering if there was any exemptions made to a person just starting to farm and sending milk for the first time. I have been buying cows at auction sales all winter and now have 26 and hope to have 30 by grass time. As I have been buying cows at auction sales I have no quota, that I might ordinarily have if I had bought a herd at one place.

When I applied for the subsidy they sent me back a card for my wallet with certificate of registration No. ..... if this is of any help.

● (10:00 p.m.)

He goes on to explain his grievance. I happen to know this young farmer, whose father was a farmer before him. He is a good farmer and an aggressive young man, who married and began farming last year. Because he began shipping milk on August 6 instead of on July 1 he received $1.21 per hundredweight, or whatever the amount of the subsidy is, less than his neighbour. I am wondering how the minister thinks he can explain a situation of this kind. The Canadian Dairy Commission has been set up and apparently the minister thinks he can hide behind that and use it as a smokescreen. He is pretty good at throwing up smokescreens. This type of situation must be ended or there will be more trouble. This is only one case. I have information concerning many others.

I do not understand how one can discriminate and say that because one man started milking his cows five weeks later than another he will receive no subsidy, even though he is producing the same quality of milk for the same purpose, and so on. It seems to me that the Canadian Dairy Commission would like to do a good job. The members of this commission are trying to do a good job, but they are given responsibility with very little authority. In addition they are given very little money with which to pay the subsidy. I believe it is high time this situation was explained. I have attempted to get an answer from the dairy commission. They just say that the situation is most unfortunate.

The minister has said that the Canadian farmer never had it so good. He has borrowed a great deal of money, is head over heels in debt, and yet the minister says he is prosperous. The minister expects the farmer to accept this type of legislation. This young man to whom I referred, up until the first of March had produced and shipped 70,000 pounds of milk. At $1 a hundred pounds he would have lost $700 that others received. I hope the minister will give some consideration to this because it is a continuing problem. Before the dairy policy for 1968-69 is announced I hope he will clean up some of last year's business.

The minister has eliminated the subsidy on premium cheese. This is discouraging. It takes away the incentive to produce good cheese in this country. Cheese is the balancing product of the dairy industry. It is difficult to have supply and demand in perfect balance; but cheese is the one product, because it can be kept for some time, which enables the dairy industry to have a certain amount of balance. The minister in his wisdom concerning agriculture, which I question, has eliminated the subsidy on premium cheese. In so doing he has destroyed the incentive. Within a year there will be a good deal of second grade cheese in the country which we will not know what to do with. I say that this is false economy.

There is a similar situation in respect of hogs. Everyone likes lean bacon. The housewife and others complain that the bacon is too fat. Yet the minister is reducing the subsidy on the type of hog that produces lean bacon. What type of common sense is this?

It appears that this is about as much as we can expect from a lawyer Minister of Agriculture. Let me say to his friend over there, who is sitting and listening, that I hope the department will give some consideration to reinstating these two policies, because the reductions involved do not amount to peanuts in the overall budget. He knows this, and I suggest that this government and this minister will not be very popular with a lot of people in our farm communities if something is not done to correct this situation.

Mr. Starr: Mr. Chairman, I hope there is some disposition on the part of the committee to accept the suggestion I wish to make. If it meets with the approval of the committee perhaps we can sit until twelve o'clock, on the understanding that we will pass all the supplementary estimates this evening. In view of the fact that we have now discussed the supplementary estimates for a number of days, and in view of the fact that these items are similar to items on interim supply, perhaps we could agree to also pass interim supply before twelve o'clock.

The Assistant Deputy Chairman: Does the committee agree with the suggestion made by the hon. member, that we sit until twelve o'clock?

Mr. Peters: No, Mr. Chairman, there is no agreement in that regard.

Mr. Knowles: Perhaps the hon. member for Ontario was taking a bargaining position. We also are prepared to bargain. We suggest that we sit until eleven o'clock, or until the supplementary estimates of the Department of Agriculture have been passed. It is my belief that the supplementary estimates of the Post

Office Department will not likely be debated, so they might be thrown in as well. We suggest that eleven o'clock is late enough for this debate.

Mr. Starr: Mr. Chairman, I do not think anything can be accomplished by that. Nothing was accomplished last night by sitting until eleven o'clock. We only completed one department. My suggestion is that we sit until twelve in order to complete the supplementary estimates and interim supply; otherwise there is no agreement.

The Assistant Deputy Chairman: Does the committee agree to the suggestion made by the house leader?

Mr. Lewis: Which house leader are you referring to, Mr. Chairman?

An hon. Member: There is only one good one.

The Assistant Deputy Chairman: Order, please. I was referring to the hon. member for Ontario.

Mr. Lewis: Mr. Chairman, I urge the committee to consider the suggestion of the hon. member for Winnipeg North Centre. Obviously we will have to be here tomorrow, as we cannot finish everything tonight. I understand the other place has adjourned until tomorrow. I see no purpose whatever being served by trying to sit until twelve o'clock. There is no reason we cannot get all the business done tomorrow, and since we have to be back in any event I see no purpose in sitting till midnight. There is sense in sitting long enough to complete the department we are now discussing, and any other department, such as the Post Office Department and the Privy Council. We will not agree to sit until midnight.

Mr. Starr: Mr. Chairman, my suggestion makes a great deal of sense. The suggestion made by the house leader of the N.D.P. will not achieve the purpose he tries to make us believe it will achieve. There are quite a number of departments left to be considered. We will not be meeting tomorrow until 2.30 p.m., and by the time orders of the day and other matters are disposed of we will only have a short period of time to consider the remaining departments. We may or may not finish them by six o'clock, so there will be no opportunity for the other place to consider these estimates. If we completed these estimates and interim supply tonight the other place would have the whole afternoon to deal with them, and we could have royal assent at six o'clock. Surely that makes good sense.

• (10:10 p.m.)

Mr. Lewis: Mr. Chairman, I think it would make much better sense—and I am going to make the suggestion on my own—that we agree to finish the departments mentioned by us, and agree that tomorrow we will finish the remaining departments by a certain hour. I do not think it makes any sense to sit until midnight when the business is not going to be completed.

Mr. Starr: That is the basis upon which I suggested that we sit until midnight.

Mr. Lewis: If the hon. member for Ontario suggested that tomorrow we try to finish the estimates, say by five o'clock, so that the Senate will have an hour to complete them, that would make sense. But it does not make sense to sit till midnight tonight.

Mr. Starr: An hour for the Senate to complete their consideration of these estimates? It took us about 12 days. You don't make sense at all.

Mr. Lewis: I certainly do.

Mr. Pennell: Mr. Chairman, it has been a long day and I hope we have passed through the centre of the little storm here. May I make a special appeal to the house leader for the official opposition to accede to the suggestion that we pass the estimates that have been suggested.

Mr. Starr: They said just agriculture.

Mr. Knowles: Post Office and Privy Council.

Mr. Starr: No, Mr. Chairman. Unless my suggestion is considered, we will not agree.

Mr. Pennell: Mr. Chairman, would the patient and co-operative opposition house leader bear with me for just a moment? I ask that we follow through with the suggestion of the hon. member for York South and deal tonight with the three items suggested by him. Then perhaps we could agree to deal with the rest of the supplementary estimates by four o'clock tomorrow and deal with interim supply between, say, four o'clock and five o'clock.

Mr. Starr: That makes no sense at all.

Mr. Lewis: That kind of suggestion makes sense to me, Mr. Chairman, because I do not like the idea of sitting on for just anything.

An hon. Member: You agreed to sit on last night.

Mr. Lewis: We sat until after eleven o'clock last night to complete something. We are ready to sit on tonight in order to finish the estimates of the departments we have suggested. We have always supported the idea of allocating time, and we support it now.

Some hon. Members: Oh, oh.

Mr. Lewis: Stop oh, oh-ing. We always have supported the idea of allocating time, and you know it, despite these silly catcalls. It makes sense to me to allot time. We will agree to that, but not to sit to midnight tonight.

Mr. Pennell: Mr. Chairman, the hon. member for Ontario has gone a long way with us on this side of the house, and I ask him to take one more step and agree to follow through with the suggestion of the hon. member for York South.

Mr. Starr: No, Mr. Chairman, I do not think that suggestion makes any sense at all. I am suggesting that we sit an hour and 45 minutes tonight. We sat until after eleven o'clock yesterday to complete the estimates of one department. I am suggesting that we sit an hour and 45 minutes tonight and complete interim supply for all departments.

We talk about reforming the Senate, and in the same breath say that one hour is enough time for them to consider supplementary estimates and interim supply for two months, when we have spent 10 or 11 days here considering the supplementary estimates. I do not think that is fair to the Senate. No wonder people look at the Senate and say it should be reformed. Let us give them an opportunity to discuss these matters all afternoon. We should give them an opportunity for fair discussion. Then we could have royal assent at six o'clock, or whatever the time is.

Mr. Peters: Ten o'clock, Mr. Chairman.

The Assistant Deputy Chairman: Order, please. The Chair appreciates all the advice given from both sides of the house, and remains as confused as it was originally.

Mr. Peters: Ten o'clock, Mr. Chairman.

The Assistant Deputy Chairman: Is it the desire of the committee that the Chair not see the clock for the time being?

Mr. Pennell: May we at least finish agriculture?

Mr. Starr: We will carry agriculture.

Mr. Peters: Ten o'clock, Mr. Chairman.

The Assistant Deputy Chairman: Order, please. The hon. member for Winnipeg North Centre.

Mr. Knowles: Mr. Chairman, now that the storm has subsided a bit, could we make one more try to finish agriculture tonight?

Mr. Starr: We will carry it now.

The Assistant Deputy Chairman: Shall vote 5c carry?

Some hon. Members: Carried.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I shall be very brief, because I do not wish to delay the passage of the estimates of that department.

I should like to join with all other members who stated that agriculture was in a state of stagnation. It is undeniably so, like many other sectors of our economy. Small industries, especially, are in a bad way, as well as small farms and almost every sector of our economy. Therefore, that means that our economy is unbalanced. Small farms are on their way out. As a matter of fact, 70 per cent of the farmers of my riding have left their farm, and every day, others are doing the same.

I feel that premiums on cheese and milk at least should be maintained and that grants to agriculture should be increased, if possible.

Mr. Chairman, agriculture is the foundation of society; it permits the citizens to live because it provides food which is used to feed them. Without agriculture, Mr. Chairman, we would not be here tonight. Agriculture is an essential factor, indeed the number one factor of society. Agriculture is absolutely necessary to the life of human beings. Therefore, we must at least have the courage to protect it and to give it everything it needs. We might be justified in sacrificing certain sectors of the economy to give a greater share to agriculture, so that the farms still in existence could further develop and spare us the sight of an agriculture heading for disaster. In fact, our whole economy is heading for disaster.

It is our responsibility to do everything in our power to assist our agriculture because it

is the most essential field for the human being. Without it, the human being, the family could not live. Let us continue at least to do something to assist our agriculture instead of letting it die.

I could go on talking about agriculture but I do not want to delay the passing of these estimates. Mr. Chairman, I shall limit myself to those few remarks.

I should like to ask once again all the hon. members, and especially the hon. Minister of Agriculture (Mr. Greene) to take under advisement the problems of agriculture, with a view to solving at least a few of them.

It is not by lending money at an increasingly high rate of interest, as was pointed out this afternoon, that farmers will be helped, because they are no longer able to pay such rates. They are sick and tired of being asked to pay rates of interest they can no longer afford. They are asked to make debts at a rate of 15 per cent, but they can no longer take it. They are already too deep in debt, as several members have pointed out. The farmers' debts are incommensurate compared to their means to pay them.

With regard to farm loans, several farmers prefer to borrow from the federal government because they can obtain higher loans. Indeed, more can be had in Ottawa, but the rate of interest is higher than on provincial loans. A reasonable rate of interest should be maintained, since agriculture is the very basis which enables society to live. And so, every attempt should be made to relieve the farmers, by offering them a decent interest rate.

• (10:20 p.m.)

[*English*]

Item agreed to.

(The following items were agreed to:)

Production Marketing—

Administration—

17c. Grants, Contributions and Subsidies as detailed in the Estimates, $32,174,000.

Plant and Plant Products—

35c. Grants, Contributions and Subsidies as detailed in the Estimates, $326,565.

Health of Animals—

40c. Administration, Operation and Maintenance, $249,000.

45c. Grants, Contributions and Subsidies as detailed in the Estimates, $585,600.

Canadian Dairy Commission—

65c. Administration, Operation and Maintenance, $48,000.

[Mr. Latulippe.]

The Assistant Deputy Chairman: This completes the supplementary estimates of the Department of Agriculture. The committee will now consider the supplementary estimates of the Post Office Department.

POST OFFICE DEPARTMENT

1c. Postal Services, including Canada's share of the upkeep of the International Bureaux at Berne and Montevideo, $2,262,000.

Item agreed to.

The Assistant Deputy Chairman: This completes the supplementary estimates of the Post Office Department. The committee will now consider the supplementary estimates of the Privy Council.

PRIVY COUNCIL

A—Privy Council—

15c. Expenses of the Royal Commissions listed in the Details of Estimates, $1.

Item agreed to.

GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS

1c. Office of the Secretary to the Governor General, $52,000.

Item agree to.

PUBLIC SERVICE STAFF RELATIONS BOARD

1c. Administration Expenses, $85,000.

Item agreed to.

The Assistant Deputy Chairman: This completes the supplementary estimates of the Privy Council.

Mr. Peters: Ten o'clock.

The Assistant Deputy Chairman: The committee will now consider the supplementary estimates of Legislation.

Mr. Peters: Mr. Chairman, can I draw to your attention the fact that it is ten o'clock?

Some hon. Members: Carried.

The Assistant Deputy Chairman: An hon. member has called it ten o'clock.

Mr. Pennell: There are only two more departments.

The Assistant Deputy Chairman: Is it understood that the committee will proceed to Legislation?

Some hon. Members: Agreed.

LEGISLATION

The Senate—

5c. General Administration, $153,000.

Mr. Knowles: Mr. Chairman, an hour or so ago I started to ask a question but was cut off in the middle of it. Is the minister who is responsible for this item in a position to say anything with regard to collective bargaining on parliament hill? As the minister knows, the joint committee on the public service of Canada recommended in its report about a year ago that something be done on parliament hill comparable to the arrangements made for the public service generally. Has any progress been made in this connection?

Mr. Drury: Mr. Chairman, I do not know the precise answer to this question but I will be glad to communicate this question to Mr. Speaker and to transmit to the hon. gentleman his reply.

Item agreed to.

House of Commons—

20c. General Administration, $806,000.

Item agreed to.

The Assistant Deputy Chairman: This completes the supplementary estimates of Legislation.

Mr. Knowles: Ten o'clock.

Mr. Starr: No, let us carry on.

The Assistant Deputy Chairman: Does the committee wish to proceed to another department?

Some hon. Members: Agreed.

The Assistant Deputy Chairman: Does the committee wish to proceed with the supplementary estimates of Treasury Board?

Mr. Knowles: Mr. Chairman, I believe the acting house leader agreed that this department and one other at least be held over until tomorrow.

The Assistant Deputy Chairman: Does the committee wish to consider the supplementary estimates of the Department of Consumer and Corporate Affairs?

Mr. Knowles: That was the other department to be left over until tomorrow.

Mr. Starr: Mr. Chairman, the hon. member says that these departments are to be left over till tomorrow by agreement, but I was not asked to give my agreement to that. I have made the proposition that we carry on and complete all of the supplementary estimates. I agree to that, not to standing over particular estimates.

Mr. Pennell: May I ask the chairman whether public service carried or not?

The Assistant Deputy Chairman: Yes.

Mr. Pennell: Then I am happy.

Mr. Drury: Mr. Chairman, the hon. member for Ontario has suggested that since we have only two departments left we deal with them tonight. I wonder whether the hon. member for Winnipeg North Centre would feel up to the mark if we dealt with Treasury Board this evening.

Mr. Knowles: Mr. Chairman, we have completed several more departments than we proposed. We have done pretty well and only three are left for tomorrow, two departments plus fisheries, which I think we will deal with when Mr. Speaker is in the chair, by way of a message from the deputy to this Excellency.

Mr. Pennell: I hope that we will find it possible to follow the suggestion of the hon. member for York South. That suggestion, if I understood him correctly, is that we complete supplementary estimates by four o'clock and then devote the time between four and five to the motion for interim supply.

Mr. Lewis: That is agreeable.

The Assistant Deputy Chairman: Shall I rise, report certain resolutions and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Resolutions adopted in committee of supply this day reported and concurred in.

SUPPLEMENTARY ESTIMATE (C), 1967-68 (REVISED)

A message from the Deputy to His Excellency the Governor General transmitting a supplementary estimate for the financial year ending March 31, 1968, was presented by Hon. L. T. Pennell (for the Minister of Finance), read by Mr. Deputy Speaker to the House, and referred to the committee of supply.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

Proceedings on Adjournment Motion

INDIAN AFFAIRS—REQUEST FOR RECONSTITUTION OF PARLIAMENTARY COMMITTEE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have been waiting to discuss this matter since last Thursday, otherwise I should not trespass on the time of the house at this late hour. In view of what has just happened it appears that we are very close to adjournment, and I wish to bring this matter to the attention of the government to obtain some assurance that the committee on Indian affairs will be reconstituted shortly after the resumption of the current session.

• (10:30 p.m.)

When I asked the leader of the house last Thursday whether this would be possible, he referred me to the minister of Indian affairs as the minister responsible. It was on July 13, 1966, that the house agreed to the following motion:

> That the standing committee on Indian affairs, human rights and citizenship and immigration be empowered to adjourn from place to place within Canada for the purpose of obtaining further information relating to matters affecting Indians and Indian communities; and that for this purpose, the said committee be authorized to sit while the house is sitting or during adjournments of the house; and
>
> That the clerk of the said committee and necessary supporting staff do accompany the said committee.

That was almost two years ago, and since then there has been no further action. Earlier today I pointed out that the chairman of the committee, the hon. member for Cartier (Mr. Klein) had made a statement to the press urging that the committee proceed to adjourn from place to place, and so on, as recommended in the motion. So I know we have his enthusiastic support.

Last week two important speeches were made on Indian affairs, one by the minister at the University of British Columbia on March 23 and the other by the Leader of the Opposition (Mr. Stanfield) in Calgary on March 21. The minister underlined the importance of consultation and practical knowledge of the subject in three quotations that I want to extract from his speech. He said:

> The Indian has a sense of grievance.

Later, he said:

> Without doubt, Canada's most serious social problem is the Indian problem.

Finally, the minister declared that the building of self-esteem among the Indian community was of the utmost importance.

[Mr. Deputy Speaker.]

The Leader of the Opposition (Mr. Stanfield) speaking in Calgary struck the same note. In the light of this high level support I do not think I need stress the case for this being the desire of all of us here. There are outstanding problems which I feel can only be dealt with if members of parliament have the opportunity to come personally into contact with the subject. We have been playing around with the establishment of an Indian complaints commission. I for one would like to consult directly with the Canadian Indian population on this matter. We have been told for a number of years that the Indian Act requires amendment. Last week the minister issued a statement that officials of the department would be consulting with Indian bands and leaders across the country with respect to proposed amendments to the act. I trust he will agree that members of parliament should have the same opportunity for consultation with the Indians as to what should be included in the proposed amendments.

This afternoon we had a fairly long discussion on the health problem among the first Canadians, and in view of the confusion which has been created by the Minister of National Health and Welfare (Mr. MacEachen) I think it is high time that members of the committee had a chance to discuss this matter with representatives of the Indian communities across the country.

In the past few years the community development program has unfortunately been bogging down in bureaucracy. Here is another subject with which hon. members should be vitally concerned. Problems arising in connection with the maintenance of law and order were outlined in an excellent study carried on under the auspices of the Canadian Welfare Council. This too should be considered. In his speech in Calgary, the Leader of the Opposition pointed out the extreme difficulties which had arisen in this area, exemplified by the fact that visitors to our penal institutions, particularly provincial jails, find that most of the inmates, both men and women, are Indians.

In some instances 100 per cent of the prison population is made up of our first Canadians. I continue to receive protests and petitions from the bands in my constituency, in the southwestern part of the constituency. One resolution from a meeting held at the Friendship Centre in Brandon last Friday, when some 60 representatives of about a dozen Indian communities were present, protested the

failure of the government and of the department to provide recreational facilities. This applied particularly to the reserve at Griswold, which has been endeavouring to build a rink for the past six years.

This problem is not an overwhelmingly difficult one. Our total Indian population is 250,000. At least 47 per cent of that population is 15 years of age and under. Surely we as a parliament, and the government, can come to grips with the problem. I think if we are going to do so the standing committee on Indian affairs must be given the necessary authority to act in the manner I have recommended.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I want to assure the hon. member that it is not my responsibility to convene the committee or set it up. I am quite certain that is not my responsibility. The idea of visiting Indian reserves originated, it seems to me, in the mind of the hon. member for Skeena (Mr. Howard), and I think he accompanied the committee on the visit to three or four reserves that did take place. There was the thought in mind that the committee would visit some western reserves as well. However, the season became late and the weather got bad, and I do not think many members of the committee wanted to undertake a second tour of Indian reserves.

The hon. member in drawing this matter to the attention of the Minister of National Health and Welfare (Mr. MacEachen) used these words:

> In view of growing problems affecting our native Canadians and the long delay in dealing with them—

I am going to deal with the hon. member himself. I want to tell him that the budget on Indian affairs today, in education alone, is $8 million more than the total Indian affairs budget when he was a minister of the government, and the general physical qualities of the reserves today, as well as the entire attitude of management of Indian affairs, are totally unrecognizable from what they were five years ago.

This last year we have built 770 houses on Indian reserves, and we are going to build 2,000 this coming year. We put electricity into 2,200 houses that never had it before. We have put in sewage and water on 48 reserves and have built 450 miles of roads. These changes have been made as the result of parliament giving my department the money to undertake them, and I appreciate the attitude of members of parliament, but I deplore this constant going round and saying, "Lo, the poor Indian".

I want to tell the hon. member that among Indians today there is a tremendous ferment going on, and many young Indians are rapidly coming to take leadership in Indian communities.

Mr. Dinsdale: There is no other better leadership.

Mr. Laing: And so it should be. I think it is time this was encouraged instead of saying, as the hon. member said, that we should put in a skating rink—

Mr. Dinsdale: It is the Indians who want to put it in.

Mr. Laing: No, the Indians don't want to put it in—

Mr. Dinsdale: They have got $25,000.

Mr. Laing: They want us to put it in. We have put $20,000, $40,000 and $80,000 into such projects in the past. We have now come to the point where we have got to say that those Indians in this country who are capable of carrying themselves, and who are able to manage, should have the right to do this instead of getting it from us. But instead we are going around and saying to the individual Indian, "You should be independent," and at the same time we are going around and saying, "You should have more money from us". We cannot have it both ways.

Among Canadian Indians today there is a tremendous improvement taking place. There are many young Indian leaders coming along, and the situation is not at all as represented by the hon. member. If the standing committee wants to see other reserves I would be very happy to see it set up and visit them. We are making worth-while developments and progress in our program, and if the committee wishes to inspect and participate in that program so much the better.

• (10:40 p.m.)

CONSUMER AFFAIRS—MILK—PROPOSED PRICE INCREASE IN ONTARIO

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, almost a week ago I raised a question which I wish to discuss for a few moments tonight. I drew to the attention of the Minister of Consumer and Corporate Affairs the fact that two dairies in

Toronto stated they were raising the price of milk by two cents a quart. Two cents a quart may not seem like a great deal of money, but it is only one more item in the steadily rising cost of living which is bearing very heavily on the people of low income in this country, and which again is making it more difficult for the people of low and moderate means to provide the kind of diet they should provide for their families.

Milk is a vital component in a good diet. Price increases of this nature are contagious. The fact that two dairies in Toronto have already raised their price now by two cents a quart has established a pattern for other dairies across the country. This means that there is a fresh layer of price increases in a very vital area which affects the diet of the Canadian people. This is also a very serious situation from the point of view of the farmers. I learned from the Department of Agriculture that a comparison of two recent periods, 1955-57 and 1962-64, shows that the decline per person in Canada in the consumption of fluid milk is in the order of 65 pounds. That represents roughly 38 quarts of milk. In other words, during the period 1962-64, the average Canadian drank roughly 38 quarts of milk less than in the period 1955-57.

This of course reflects from the fact that the price of milk had increased and people were using instead substitutes like powdered milk at that time. Now there are other milk substitutes on the market. The farmers' markets are falling off. As milk substitutes come in this tendency accelerates. I am sorry the Minister of Consumer and Corporate Affairs is not here this evening, because I would like him to hear this. I believe it is up to his department to provide some form of protection for the consumers against this type of price increase.

When speaking the other evening I noted that the minister said the Liberal party must set up a hotline in order to keep in touch with the public. I feel that in his department the minister has found, not a hotline but a hot potato, and understandably he is anxious to drop it in favour of the prime ministership. Should he succeed I would not be surprised if he should find that he has jumped from the frying pan into the fire.

If the minister really wishes to be prime minister surely the best recommendation he could have would be success in his position as minister of the Department of Consumer and Corporate Affairs. If he cannot prove himself in dealing with the matter of the rise in the price of milk—if he cannot prove that he can do something to protect the consumer—then I believe he has a very dubious claim to becoming prime minister. I believe he has two opportunities to prove his capacity before the leadership convention. One would be to bring forward Bill No. C-190 before we adjourn, and thus take action in some measure to bring down the price of drugs. The other is that he could take some measures to protect the consumers from these price increases in the cost of milk. He could begin by establishing a prices review board to investigate the price of milk.

I am well aware that the jurisdiction over prices is divided between the provincial and federal authorities. I am also aware that up until this time the government has adopted the attitute that it can do nothing about prices until or unless a dire emergency such as war arises. I suggest that peace has its dire emergencies and that one of these is the level to which prices have now risen, because people in the very low income groups are becoming more and more desperate and this desperation is beginning to become apparent higher up the income scale.

This matter of the price of milk is in itself a relatively small thing to most Canadians. It may have only a nuisance value. However, to hundreds of Canadians on low income this is a very serious thing. It is also very serious to the farmers of this country because the net result of this price rise does not do them any good. They do not receive the bulk of the increase.

I asked a supplementary question of the minister as to whether he would investigate to find out how much the farmer would get out of this price increase. Again there was no response to that question. In the long run, the farmer's market is decreasing across Canada simply because the people cannot afford to pay this price for milk. They cannot afford this price because of the cost of this wasteful and extravagant distribution system which accounts for the bulk of the increased cost. The minister of the department of consumer affairs should take this first step by establishing a board to look into these increases in cost, in order that the people will know who received the benefit of such increases.

[*Translation*]

Mr. Ovide Laflamme (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I shall reply briefly to the remarks of the hon. member. I know that on March 21 last, the hon. member put a

question to the hon. Minister of Consumer and Corporate Affairs (Mr. Turner) to which a reply was given, as shown on page 7883 of *Hansard*, but, obviously, the reply did not satisfy the hon. member.

I should like to point out to the hon. member that one would certainly err in believing that it is the duty of the Department of Consumer and Corporate Affairs to make a full inquiry each time the price of consumer goods goes up. If that is what she thinks, then she is mistaken as to the prime objectives of that department.

When she speaks of a dairy problem—milk is obviously essential to health, as everyone knows—she must recognize that the present government, in the last two years, has spent over $120 million in public funds, on the one hand, to encourage the dairy industry and help the farmers and, on the other hand, to lighten the burden of consumers generally by favouring a greater consumption of that essential health product.

On the other hand, when the hon. member claims that the minister does not seem to worry about fluctuations in prices, I must remind her of the speech she made on second reading of Bill No. C-190 when she stated that it was one of the most important pieces of legislation ever introduced in the house. As announced this afternoon by the Prime Minister (Mr. Pearson), that bill will be studied again when the house reconvenes next April 23.

As far as price controls are concerned, I feel—and that was clearly established—that even if the federal government wanted to set up a price control board, that legislation would be challenged in court and would surely be found null and void.

I commend the hon. member for her interest in the matter of prices, but I wish to emphasize to her that she should take into account the causes which led to an increase in consumer prices: salary increases, federal and provincial tax increases, overall increases of services. Obviously, that situation does not rest with the federal government. I do not think the minister should intervene and set up an inquiry under the Restrictive Trade Practices Act, for such a low increase as 2 cents per quart of milk in the metropolitan Toronto area.

• (10:50 p.m.)

[*English*]

Motion agreed to and the house adjourned at 10.52 p.m.

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF NATIONAL HEALTH AND WELFARE
20c, 40c.

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT
5c, 20c, 21c, 30c, 34c, 36c, L45c, L52c, L53c.

DEPARTMENT OF LABOUR
5c, L71c.

DEPARTMENT OF JUSTICE
1c.

DEPARTMENT OF TRADE AND COMMERCE
1c, 10c, 29c, 35c, L95c.

DEPARTMENT OF AGRICULTURE
5c, 17c, 35c, 40c, 45c, 65c.

POST OFFICE DEPARTMENT
1c.

PRIVY COUNCIL
15c.

PUBLIC SERVICE STAFF RELATIONS BOARD
1c.

GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS
1c.

LEGISLATION
5c, 20c.

HOUSE OF COMMONS

Wednesday, March 27, 1968

The house met at 2.30 p.m.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have passed Bill C-30, to amend the Immigration Act, without amendment.

THE CANADIAN ECONOMY

TABLING OF LETTER RESPECTING PRICES REVIEW BOARD

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in reply to a request made in the house I should like to table a communication I sent to the provinces dealing with the setting up of costs and prices review machinery.

Mr. Speaker: Has the Prime Minister leave to table this document?

Some hon. Members: Agreed.

GRAIN

WHEAT—FINAL PAYMENT FOR 1966-67 CROP

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I wish to make a statement regarding the final payment on wheat for the crop year ending July 31, 1967.

Producers delivered a record total of 626,533,860 bushels of wheat to the Canadian Wheat Board in the 1966-67 crop year, including 23,599,710 bushels of Durum wheat. The pool account for wheat was closed on February 29.

The amount of the final payment to be distributed to producers is an unprecedented $314,958,251, including $14,943,967 to be distributed to producers who delivered Durum wheat. Thus the previous record payment of $272 million, which was made on the 1963-64 pool account, has been surpassed by $43 million.

Some hon. Members: Hear, hear.

Mr. Winters: The average final payment for wheat other than Durum is a record 49.759 cents per bushel. The average final payment for Durum wheat is 63.323 cents per bushel. The over-all average of 50.270 cents per bushel is the largest average final payment in the history of the Canadian Wheat Board. The wheat board will begin mailing the final payment cheques tomorrow.

Some hon. Members: Hear, hear.

Mr. Fane: You have all the breaks, Bob.

Mr. Winters: One has to make his own breaks.

Mr. Douglas: It's a tough league.

Mr. Winters: I wish to inform the house of the total prices realized by producers prior to the deduction of the 1 per cent Prairie Farm Assistance Act levy, on their deliveries of some of the more important grades of wheat. The farmers will receive a total per bushel, basis in store at the lakehead or Vancouver, as follows:

$1.98709 for No. 1 northern,
1.96117 for No. 2 northern,
1.91666 for No. 3 northern,
1.87758 for No. 4 northern, and
1.82677 for No. 5 wheat.

The prices realized on Durum grades total as follows:

$2.13402 for No. 1 C.W. Amber Durum,
2.10509 for No. 2, and
2.04954 for No. 3.

Congratulations are due to all concerned in the growing, handling, grading, transporting and selling of wheat for their contribution to a most successful marketing year. I would like to pay particular tribute to the Canadian Wheat Board, which so fully justified the faith placed in it by parliament last year when the powers of the board were made permanent.

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, the farmers of western Canada will be pleased to receive at last the final payments for the crop which was delivered to the board during the 1966-67 crop year. I think, however, they will be somewhat disappointed because that price has not kept pace with the increased cost of production.

Final Payment for Grain Crop

Last spring, when the international grains agreement was announced, headlines in this country indicated that our farmers could expect a price increase of about 20 cents per bushel. That increase has not materialized. If one looks at the Canadian Wheat Board report, which was released yesterday, one notes that the drop in prices came during the last month of the crop year. One can readily see that if a drop in one month can be so reflected in these prices, next year's prices will be very disapppointing indeed. The dropping of the international wheat agreement and the gap that was created in the period between the dropping of that agreement and the beginning of the international grains agreement indicate that some form of price protection is necessary.

• (2:40 p.m.)

I think farmers will hold the government responsible for the dropping of that agreement and for failing to ensure protection for them during that period. I mentioned the rise in the cost of production. I put some figures on the record last night to indicate how rapidly it had risen since this government has been in office. Today the cost of production bears no relationship whatsoever to the price of grain.

I think it is safe to say that in the coming years prairie agriculture will be experiencing a drought cycle; it began last year and if it continues, as we have every reason to believe it will, Canada will be hard pressed to meet its commitments not only in satisfying regular markets but in supplying the needs of famine-stricken nations such as India. I believe it is safe to say that long range prospects for grain markets are as good as they have ever been. In these circumstances it is ridiculous that there should have been such a drop in prices as prairie farmers have been obliged to accept in the past year.

To show how dramatically the picture has changed, let me remind hon. members that in 1960 there was a world market for roughly a billion bushels of wheat and the surplus at the time was about two billion bushels. Now the world market takes about two billion bushels leaving a surplus of roughly one billion bushels, and the wheat council has predicted that in a very few years world market demands will equal production. Again I say how foolish it was to have permitted such a drop in prices when market prospects are so good. The promise of the government to place a minimum price of $1.95½ under wheat is a small thing in view of the legitimate expectation of improved world demand, and the farmers of this country will hold the government responsible for negligence when it comes to selling their wheat.

[Mr. Jorgenson.]

Mr. Ed. Schreyer (Springfield): The statement just made by the Minister of Trade and Commerce will be welcomed. It is obvious there is much to be happy about, inasmuch as the final payment this year constitutes a record high in the history of the Canadian Wheat Board.

It is obvious that next year and in succeeding years the amount of the final payment will be smaller; first, because we have increased the amount of the initial payment; and second, because it is obvious, having passed more than half way through the current crop year, that the price the wheat board has been able to obtain on world markets is less than the price obtained in previous crop years.

The hon. member for Provencher (Mr. Jorgenson) referred to market and price prospects in the grain trade, and I certainly agree with what he said. I have referred in this house on previous occasions to the cost-price relationship as it exists today and as it has existed over the years, and I do not intend to take the time of the house to repeat my references to this subject. But in closing I would like to say that when the premier of Saskatchewan said yesterday that the Liberal candidates who wish to gather support in the western provinces will have to give a clear undertaking as to where they stand on the issue of wheat prices and costs of production, he was expressing an attitude which is prevalent across all the Canadian west. Over the past four years inflation has devalued the Canadian dollar and has caused an upward surge in the costs of agricultural production. This requires countervailing action by the government to increase the amount received by farmers for their production, in this case grain.

It is incumbent upon the minister and his colleagues to think seriously about the necessity for bringing in a policy, a two price system, whatever you wish to call it, that will bring the price more in line with what has transpired in terms of production cost increases over the past three or four years. Four years ago there was talk about having a $2 price for wheat. The equivalent today would be about $2.20, or very close to that.

The $1.98 which has been realized this year, including the final payment, is quite welcome, but on the other hand it falls far short of that level of price which government spokesmen only a few years ago said was necessary and justified.

ADMINISTRATION OF JUSTICE

HAL BANKS—TABLING OF CORRESPONDENCE REGARDING EXTRADITION

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would like to table correspondence between the Canadian and United States governments regarding the extradition of Harold Chamberlain Banks.

Mr. Speaker: Has the right hon. Prime Minister leave to table the correspondence to which he has referred?

Some hon. Members: Agreed.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INSTRUCTIONS TO UNEMPLOYMENT INSURANCE COMMISSION EMPLOYEES

Question No. 1,073—**Mr. Bell (Carleton):**

1. Has a memorandum been circulated in the office of the Unemployment Insurance Commission instructing certain employees to terminate membership in employee organizations?

2. If so, what in detail (a) is the nature of such instruction (b) the reason for such instruction?

3. How many employees are affected by this instruction?

4. What is the classification of each such employee so affected by this instruction?

Hon. J. R. Nicholson (Minister of Labour): The Unemployment Insurance Commission advises: 1. A letter, transmitting the government statement of policy with respect to the obligations of public servants employed in a managerial or confidential capacity, was circulated to certain persons in the Unemployment Insurance Commission. This letter, in explaining the contents of the policy statement, inadvertently went beyond the policy statement in some respects. Subsequently, the persons so advised were asked to disregard the letter and to govern themselves by the formal policy statement.

2. Not applicable.

3. Not applicable.

4. Not applicable.

NATIONAL PARKS IN NORTHERN TERRITORIES

Question No. 1,111—**Mr. Nielsen:**

1. Is it the intention to establish National Parks in the Yukon and Northwest Territories and, if so, what are the boundaries of the locations in each Territory, and where it is proposed that such Parks will be established?

2. In each case, has the Legislative Council of the respective Territories been consulted and, if so, what was the decision of the Council in each case and, if not consulted, why not?

3. Is it the intention to establish Territorial Parks in either of the Territories and, if so, what are the proposed boundaries of each location?

4. Will there be any financial assistance to the governments of each of the Territories with respect thereto and, if so, how much in each case?

5. With respect to the establishment of any Park in each Territory, when is it proposed that work will commence and what is the anticipated total cost in each case?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. It is the department's objective to establish national parks that are representative of Canada's best scenery and which will afford the preservation of geographical and geological features of national interest and outstanding examples of flora and fauna for the people of Canada. In accordance with this objective it is considered desirable on the part of the department to establish national parks in both the Yukon and Northwest Territories. Studies initiated in 1957 indicate that areas worthy of designation as national parks exist in the Artillery Lake and the Nahanni regions of the Northwest Territories and in the Kluane area of the Yukon. No boundaries have been defined as these would be dependent on studies being carried out to determine park core areas which would outline suitable park areas and at the same time minimize potential resource use conflict.

2. The possibilities of establishing national parks in the Yukon and Northwest Territories have been discussed with the legislative council; however, the council has been of divided opinion on the value of national park establishment in view of possible loss of potential natural resource development.

3. The establishment of territorial parks in either the Yukon or Northwest Territories is now under active consideration. The services of a consultant, Mr. W. M. Baker—a well-known park and recreational planner and consultant, have been engaged to study the question and to prepare a report on which decisions regarding the establishment of such parks could be based. Mr. Baker has also been engaged by the Northwest Territorial

government to study recreational programming for that region and no doubt his report would comment on the desirability or otherwise of establishing territorial or northern parks. Since no territorial park sites have been selected, the proposed boundaries are not known at this time.

4. Recognizing the need to expand recreational facilities in the territories, loans totalling $75,000 have been included in the current two year (1967-69) federal-territorial financial agreement with the Yukon which can be drawn upon as required. Also, an operating grant of about $20,000 a year is provided. It was expected that these funds would be utilized for the establishment of small recreational parks at carefully selected locations rather than the establishment of a large park providing for wilderness areas, interpretive centres, scenic preservation and wildlife conservation. No financial provision for recreational facilities has yet been made for the Northwest Territories.

5. No requests have been received from either territorial government for a loan or a grant for park purposes and no information is available at this time with respect to either the timing or the anticipated total costs of such recreational parks.

RURAL DEVELOPMENT ACTIVITIES IN P.E.I.

(*Corrected Answer*)

Question No. 1,120—**Mr. McQuaid:**

1. Has any agreement been signed with the Government of the Province of Prince Edward Island under subsection (1) of Section 4 of the Fund for Rural Economic Development Act?

2. If the answer to Part 1 is no, has any such agreement yet been drafted and submitted by either Government for approval?

3. Since July 11, 1966, what moneys were paid each year out of the Consolidated Revenue Fund to the Government of the Province of Prince Edward Island under the provisions of the Fund for Rural Economic Development Act?

4. Has the Government of Canada paid any money to the Government of the Province of Prince Edward Island to assist in financing the operations of the P.E.I. Economic Improvement Corporation and, if so, how much and when were the payments made?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): 1. No.

2. No.

3. None.

4. Yes. $54,790. November 22, 1967.

[Mr. Laing.]

GOLF COURSE AT ARMED FORCES BASE, MOOSE JAW

Question No. 1,139—**Mr. Watson (Assiniboia):**

1. Is there a golf course at the Canadian Forces Base at Moose Jaw?

2. Is it proposed to build an 18-hole golf course at the Canadian Forces Base at Moose Jaw?

3. How many acres are required for the proposed golf course at Canadian Forces Base at Moose Jaw?

4. What is the cost of this proposed golf course?

5. How many servicemen are stationed at the Canadian Forces Base at Moose Jaw?

Hon. Léo Cadieux (Minister of National Defence): No.

2. No; however, a 9-hole course is being considered.

3. Approximately 60 acres.

4. $60,000 out of non-public funds.

5. 887.

MAINTENANCE ALLOTMENTS FOR MILITARY CAMPS

Question No. 1,140—**Mr. Johnston:**

1. What requests for maintenance allotments were submitted for the following military camps for the fiscal year 1968-69 (a) Vernon Military Camp (b) Mount Lolo Station, Kamloops (c) Chilliwack Military Camp?

2. What reductions have been made in these allotments?

3. What lay-offs in maintenance staff are contemplated for each establishment?

Hon. Léo Cadieux (Minister of National Defence): 1 and 2. Documents prepared for internal use within a department are privileged, and requests for maintenance allotments are considered to be in this category.

3. Vernon military camp—8 casuals; Chilliwack military camp—18 casuals; Mount Lolo station—nil.

COMMEMORATIVE MARKER, LITTLE BRAS D'OR, N.S.

Question No. 1,147—**Mr. Muir (Cape Breton North and Victoria):**

1. Has land been acquired for the erection of Little Bras-d'Or, Nova Scotia, of a marker to commemorate Count de la Boulardarie and, if so, where will such a marker be located?

2. Is consideration being given to an archaeological program in the area and when will such a program be carried out?

3. When is it anticipated that the marker will be unveiled?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): To date no land has been acquired for the erection of a marker to commemorate Count de la Boulardarie at Little Bras d'Or, Nova Scotia. Prospective sites are presently being examined with a view to acquiring one in the near future.

2. In 1967 a surface reconnaissance was carried out in the area of the Boulardarie settlement as part of long term research project investigations into early settlements. No excavations are anticipated in the immediate future.

3. The unveiling ceremony is planned for the fall of 1968.

TRANS-CANADA HIGHWAY BRIDGE, FLORENCEVILLE, N.B.

Question No. 1,150—**Mr. Flemming:**

1. Did the federal Department of Public Works approve, prior to the beginning of construction, plans for the building of the Trans-Canada Highway bridge across the St. John River at Florenceville, in the County of Carleton, Province of New Brunswick?

2. If so, what was the estimated cost of said bridge?

3. What is the total expenditure on this bridge up to the latest date for which figures are available?

4. What is the estimate of the amount required to complete the bridge?

5. On completion, what is the total estimated cost of the bridge?

Hon. G. J. McIlraith (Minister of Public Works): 1. Yes.

2. $2,000,000.

3. $1,590,500 as of January 31, 1968.

4. Approximately $660,000.

5. About $2,250,000.

COST OF MOVE OF SEARCH AND RESCUE OPERATION

Question No. 1,169—**Mr. Nowlan:**

Will the move of Search and Rescue Operations involve capital cost at C.F.B. Summerside and, if so, how much and for purpose or purposes?

Hon. Léo Cadieux (Minister of National Defence): No.

CIVILIAN TRANSFERS BETWEEN GREENWOOD AND SUMMERSIDE BASES

Question No. 1,170—**Mr. Nowlan:**

1. How many civilians will be laid off at C.F.B. Greenwood?

2. How many civilians will be required to relocate at C.F.B. Summerside?

Hon. Léo Cadieux (Minister of National Defence): 1. No civilian lay-offs are anticipated at C.F.B. Greenwood because of the transfer of the search and rescue unit to Summerside.

2. None.

OBJECTION TO MOVE OF SEARCH AND RESCUE OPERATION

Question No. 1,174—**Mr. Nowlan:**

Was removal of Search and Rescue Operations to the C.F.B. Summerside recommended to the government under the Base Consolidation Program and, if so, what military, operational or strategic objections were raised?

Hon. Léo Cadieux (Minister of National Defence): No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC RELATIONS SERVICE, INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Question No. 820—**Mr. Dinsdale:**

1. (a) For each of the years 1964 to 1967 inclusive, how many persons were employed from time to time in the Information and/or Public Relations Service of the Department of Indian Affairs and Northern Development (b) what position has been and is now held by each such employee, for what period and at which salary or remuneration?

2. (a) For each of the years 1964 to 1967 inclusive, what persons, firms or corporations, if any, have been employed and/or retained for the purpose of preparing, disseminating or in any manner dealing with the Information Services and/or Public Relations of the Department of Indian Affairs and Northern Development (b) what are the names of such persons, firms and corporations, if any, for what purpose and period was the employment, and what was the cost in each instance (c) were public tenders called for the services described in (a) and (b) and, if not, upon what basis and by whom was the selection made?

3. (a) For each of the years 1964 to 1967 inclusive, how many press releases have been prepared for or on behalf of the Department and/or the Minister of Indian Affairs and Northern Development; by whom were they prepared and at what cost (b) for each of the years 1964 to 1967 inclusive, what radio and television time has been purchased by the Department of Indian Affairs and Northern Development, for what purpose and for what cost (c) for the years 1964 to 1967 inclusive, what advertising or other space was purchased in domestic and foreign newspapers, magazines and other publications, for what purpose and for what cost?

4. For each of the years 1964 to 1967 inclusive, what was the cost of the travel of the Minister

of Indian Affairs and Northern Development and his staff and any of the personnel described in Parts 1 and 2 above; what trips were taken and for what purposes?

5. (a) For each of the years 1964 to 1967 inclusive, what advertising or any other related contracts have been awarded by the Department of Indian Affairs and Northern Development; to whom were the same awarded, for what purpose and for what cost; were public tenders called in each instance and, if not, upon what basis and by whom was the contract awarded (b) specifically, has the MacLaren Agency or any other firm been hired to promote the forthcoming amendments to the Indian Act in anticipation of the discussion in Parliament; what other public relations functions are being performed by this firm for the Indian Affairs Branch; what is the total cost of these services to the Department (c) does the Department of Indian Affairs and Northern Development maintain and/or operate any office located elsewhere than in Ottawa for the purpose, in whole or in part, of promoting the public relations of the Deparment and/or the Minister and, if so, where are such offices located; what is the cost of the maintenance and operation of such offices; how many are employed in each such office and at what salary or remuneration in each case (d) have information officers been hired by the Department in the Yukon Territory and Northwest Territories and, if so, what are their names and at what salary have they been appointed?

Return tabled.

FINES FOR COMBINES ACT INFRACTIONS

Question No. 1,197—**Mr. Orlikow:**

Since January 1, 1939, have any persons or corporations been fined for infractions of the Combines Investigation Act or sections 411 or 412 of the Criminal Code and, if so (a) what are the names of the persons or corporations so fined (b) what was the amount of the fine in each case (c) when was the fine imposed (d) what infractions occasioned the fine?

Return tabled.

CONVICTIONS UNDER COMBINES ACT

Question No. 1,203—**Mrs. MacInnis (Vancouver-Kingsway):**

1. What companies have been convicted under the Combines Investigation Act since January 1, 1966?

2. What was the penalty imposed in each case?

Return tabled.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would like to raise a point with regard to question No. 955 standing in my name under date of January 30. The question is of a purely statistical nature, calling for information available here in Ottawa alone. It seems to me it should have been answered by now unless the government and the Public Service Commission are embarrassed by the information that it seeks to elicit.

[Mr. Dinsdale.]

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notices of motions Nos. 58, 62 and 64 are acceptable to the government, subject to the usual reservations concerning privileged papers and the consent of the relevant government authorities.

I ask, Mr. Speaker, that the remaining notices of motions be allowed to stand.

[*English*]

TRANSFER BETWEEN MARITIMES ARMED FORCES BASES

Motion No. 58—**Mr. Nowlan:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence between the Minister of National Defence and any other Minister of the government and the Premier of Prince Edward Island or any other member of the government of that Province relating to the removal of personnel and maintenance facilities and the transfer of the air search and rescue unit from Greenwood, N.S., to Summerside, P.E.I.

Motion agreed to.

FERRY SERVICE, P.E.I. TO MAINLAND

Motion No. 62—**Mr. McQuaid:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence exchanged between the Government of Canada and the Government of Prince Edward Island on the subject-matter of the continuous operation of ferry services between Prince Edward Island and the Mainland in the event of future strikes by C.N.R. employees.

Motion agreed to.

OPERATION OF BANKRUPTCY ACT, P.E.I.

Motion No. 64—**Mr. McQuaid:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all documents and correspondence exchanged between the Government of Canada and the Government of the Province of Prince Edward Island with reference to the bringing into force in Prince Edward Island the provisions of Part X of the Bankruptcy Act as amended, Statutes of Canada 1966-6, Chapter 32.

Motion agreed to.

VETERANS AFFAIRS

IMPLEMENTATION OF REPORT ON PENSION COMMISSION

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, in the absence of the Minister of Veterans Affairs I should like to ask the Prime Minister whether the government is prepared to take early action to implement those recommendations of the Woods report, such as the recommendations in respect of increasing veterans pensions and the remodelling of the procedures of appeal, which would receive widespread approval.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we are studying the report. I read it over last week end. I agree that some of the recommendations should be implemented quickly, and I hope steps will be taken to that end.

Mr. MacLean (Queens): Mr. Speaker, may I ask the Prime Minister whether the government would be prepared to refer the report to the committee on veterans affairs, so the remaining parts could be dealt with expeditiously and action taken.

Mr. Pearson: I believe this is a very reasonable suggestion and I will mention it to the minister.

THE CANADIAN ECONOMY

TERMS OF REFERENCE OF PROPOSED PRICES REVIEW BOARD

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister, who has just tabled the correspondence with the provincial premiers with regard to the proposed prices review board. In the light of this exchange of correspondence and the visits by officials of the federal government to the various provinces last week, I should like to ask whether the Prime Minister is now in a position to tell us anything about the terms of reference. Have they been drafted, and will they be made available to members of the house?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we have received four or five replies from the provinces. There are not more than five. The officials who have been visiting the provinces have now visited all the provinces; I believe they visited the last one yesterday. We received an interim report from them last week and will be receiving the final report over the week end. I believe it should be possible to make progress with good speed and report to the house when it reconvenes on April 23.

Mr. Douglas: Mr. Speaker, may I ask the Prime Minister whether any contacts are being established with organizations other than the provinces. Are any discussions going on with management, labour, farm organizations or consumers organizations regarding these terms of reference?

Mr. Pearson: Mr. Speaker, we thought we should obtain the reaction from the provincial governments first, but steps are now being taken to invite to Ottawa representatives of the various organizations, including the trade union organizations, which would be particularly concerned with this matter. It is hoped that it will be possible to have meetings with them beginning next week.

[*Translation*]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to direct a question to the Prime Minister.

Could he tell us if the municipal authorities in Hull have informed the government of their financial difficulties and, if so, can the city hope for loans similar to those granted to Jamaica at an interest rate of ¾ of 1 per cent?

[*English*]

Mr. Speaker: Order. The hon. member for Okanagan-Revelstoke.

[*Translation*]

Mr. Godin: Mr. Speaker, may I ask a supplementary question?

Mr. Speaker: The hon. member might want to ask another question because the first one was out of order.

[*English*]

Mr. Ed. Schreyer (Springfield): Mr. Speaker, I see that the Postmaster General is in the house. I should like to direct my question to him. Has he asked for a ruling from his officials to determine whether third class mail, or junk mail as it is popularly called, covers or includes the books and other paraphernalia being mailed out by Liberal leadership candidates?

Inquiries of the Ministry

Mr. Donald MacInnis (Cape Breton South): I hesitate to put my question to the Prime Minister in view of the way he has been fielding questions today, but now that the Minister of Trade and Commerce has made all possible mileage out of the wheat announcement may I ask whether it is the Prime Minister's intention to give him his release.

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the Prime Minister whether he could be persuaded today to grasp what probably will be his last opportunity to fulfil the hope he expressed last December 15, that before his retirement it would be possible to provide an increase in pensions for other retired public servants?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I really should not even take notice of that question because I will have an interest in that matter after I retire.

FINANCE

CANADIAN POSITION AT MEETING OF MONETARY FUND

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is for the right hon. Prime Minister. Yesterday I asked a question regarding the Stockholm conference of the International Monetary Fund. The Prime Minister was kind enough to indicate the Canadian representation and some of the agenda. In the light of reports that Canada might play a part as peacemaker in the confrontation expected at this conference, and subsequent to the visit to Ottawa yesterday of the French parliamentary committee on finance, could we have a statement regarding Canada's position at this conference? If a confrontation should develop I think many Canadians would want to know which side we are on.

Mr. Speaker: Order. I am sure the hon. member will recognize that he is asking for the type of statement which should be made on motions.

[Mr. Schreyer.]

REPORTED STATEMENT AS TO POSSIBLE DEVALUATION OF DOLLAR

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to direct my question to the Prime Minister in the absence of the Minister of Finance. Will the Prime Minister tell us whether the former president of the privy council was expressing a conclusion of the government when he said the Canadian dollar would have had to be devalued if the United States had not relaxed its restrictions last month?

Mr. Speaker: Order, please. I should remind the hon. member for Edmonton West that he has referred to the former president of the privy council. The rule is that hon. members can ask questions about statements made outside the house by members of the cabinet.

Mr. Lambert: With the greatest of respect, Mr. Speaker, the decision was reportedly taken when that hon. gentleman was a member of the cabinet.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, former ministers rarely express the views of the government.

CANADA LABOUR CODE

INQUIRY AS TO IMPLEMENTATION OF REPORT ON TRANSPORT INDUSTRIES

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, several weeks ago the Minister of Labour promised the house that an analysis would be made of the Murchison report and that a statement would be made about possible government action. Is the minister now in a position to make the statement to which he earlier made reference?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am pleased to be able to inform the hon. member and other interested members that the Murchison report, together with recommendations based therein, which were made by my department after discussions with the teamsters' council, the trucking companies and other interested bodies and persons, have been laid before the government. A decision has been reached and an order in council implementing same is in the course of preparation. I hope to issue a press release on the subject before the end of the week.

IMMIGRATION

WORK PERMITS TO U.S. CITIZENS OPERATING MEAT STORES

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I intended to direct my question to the Minister of Manpower and Immigration. Perhaps either the Minister of Agriculture or the Minister of Consumer and Corporate Affairs could answer it, but in their absence I will direct it to the Minister of Trade and Commerce. His officials were taking part in the grading of the product in respect of which my question is related. Could the minister advise the house or find out why United States citizens were granted permission to enter Canada, and on what basis they were granted work permits to operate such fraudulent and defrauding discount meat outlets in Ontario as are referred to in the *Globe and Mail* this morning?

Hon. Robert Winters (Minister of Trade and Commerce): This is something we are looking into, Mr. Speaker, and I had discussions on this subject with my officials this morning. This matter has been referred to the proper law authorities of the crown, and I shall be glad to reply more fully to my hon. friend later on. If parliament is not sitting at the time I will be glad to write him.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask the Solicitor General or the parliamentary assistant to the Minister of Agriculture whether the meat concerned in this case had been properly inspected and marked, or whether it was being sold illegally from that point of view.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I respectfully suggest that no comment ought to be made at this time. Charges have been laid, but everyone is presumed innocent until proven guilty. Until the charges have been disposed of I suggest we should let the matter stand.

Mr. Harkness: Mr. Speaker, my question really was whether charges had been laid in respect of the sale of uninspected meat.

Mr. Hales: Mr. Speaker, when the Minister of Trade and Commerce is endeavouring to obtain this information would he also ascertain whether these United States citizens will be deported to their own country after they have served any term that may be imposed?

Mr. Winters: Mr. Speaker, I think the parliamentary secretary to the Minister of Consumer and Corporate Affairs could perhaps amplify on what has been said.

[*Translation*]

Mr. Ovide Laflamme (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in answer to the various questions which have been put in connection with the report which appeared in today's newspapers, the Department of Consumer and Corporate Affairs had been informed, last January, especially by the hon. member for Wellington South (Mr. Hales), about that meat business. The department referred the matter to the meat inspection division of the Department of Agriculture, the Department of National Health and Welfare and also the standards branch of the Department of Trade and Commerce. All that led, of course, to arrests in which the Department of Immigration took an active part.

[*English*]

DOMINION-PROVINCIAL RELATIONS

REPORTED B.C. REFUSAL TO ACCEPT COURT RULING ON OFF-SHORE RIGHTS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, in the absence of the Minister of Energy, Mines and Resources could I direct a question to the right hon. Prime Minister and ask whether he is aware of the defiance uttered by the government of British Columbia in respect of the ruling of the Supreme Court in regard to off-shore mineral rights, and the statement by ministers of the government of British Columbia that they will collect royalties regardless of the Supreme Court ruling.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my hon. friend was good enough to send me a copy of his question. I have no knowledge of this report, which if accurate would indeed be astonishing.

Mr. Lambert: We are not surprised at anything that comes out of British Columbia.

PROPOSED STUDY OF UNION OF ATLANTIC PROVINCES

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Prime Minister. In view of the announcement yesterday by the Atlantic premiers that a serious

study under Dr. Deutsch will be conducted on Atlantic union, would the Prime Minister be prepared to indicate the federal interest in such a union and say whether formal representations will be made by the federal government to such a study?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am sure any federal government would be most interested in this study initiated by the provinces concerned. If the federal government were asked for its views on a matter of such importance, I am sure it would be very glad indeed to give them.

Mr. Bell (Saint John-Albert): A supplementary question. Would the Prime Minister be prepared to offer all the co-operation possible in so far as any constitutional roadblocks which might present themselves? For example, we in the maritimes would not want our senatorial floor reduced because of union. Matters such as this would be important.

Mr. Pearson: Of course, Mr. Speaker, a senatorial floor is not a roadblock.

Some hon. Members: Oh, oh.

GRAIN

WHEAT—REQUEST FOR PROMPT PAYMENT TO WESTERN FARMERS

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Trade and Commerce arising out of the statement he made earlier. Would the minister use his influence and best offices with the wheat board to see that cheques are sent out to those farmers in difficult circumstances in western Canada who need funds. I include in this request, of course, those farmers who might want to come to Ottawa for a certain event next week and who otherwise might not have the funds to get here.

INQUIRY AS TO PROSPECTS FOR COMING YEAR

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, my question is to the Minister of Trade and Commerce. In view of the confidence reflected in the announcement regarding the record wheat payment, I would ask the minister whether he has sufficient confidence in future markets for Canadian produced grain to encourage farmers to grow even more wheat than last year.

[Mr. Bell (Saint John-Albert).]

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I have always found the judgment of the Canadian farmers to be pretty good in this field, and I am sure they are quite willing to adapt to the circumstances in the market place.

FISHERIES

SEALING—REQUEST FOR COMPREHENSIVE STATEMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, with the approach of the end of this portion of the session I wonder whether the Prime Minister would consider giving an answer to the very frightening descriptions of the seal slaughter which have appeared in the British press, with widespread allegations to the effect that cruelty and brutality were practised and that while there has been some improvement in the slaughter, that in no way removes a dark cloud over Canada.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I agree that the report in the newspaper in question, the *Daily Mirror*, does involve a dark cloud over Canada, however unwarranted that report may be; and I believe it is unwarranted. Steps are being taken to investigate the situation, and to reply to the charges.

DRUGS

REPORTED LARGE SCALE COUNTERFEITING OF PRODUCTS

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, in the absence of the Minister of National Health and Welfare I direct my question to the Prime Minister. On March 21 the hon. member for Saskatoon made inquiries of the minister about an increase in the incidence of counterfeit drugs in Canada. I wonder if the Prime Minister could advise the house whether the government has taken any investigative action.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I know the minister commenced an investigation. I do not know whether the investigation is yet completed, but I will look into it and see whether I can get some information to my hon. friend before the house rises.

[*Translation*]

EXTERNAL AID

INQUIRY AS TO TERMS OF GRANT TO WEST INDIES

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I should like to put a question to the Prime Minister.

In view of the fact that in July 1966, Canada advised the West Indies that during the five next years a minimum of $75 million would be put at their disposal, would the Prime Mnister tell us whether the credit restrictions which we are now experiencing will have some effect on that promise and on the low rate of interest granted at that time?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this assistance was given to the West Indies under external aid, and I do not think it should be confused with the arrangements that are made in our own country.

EXTERNAL AFFAIRS

INQUIRY AS TO DIPLOMATIC RECOGNITION OF MAINLAND CHINA

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is to the Prime Minister. In view of the large number of prominent and respected Canadians who have written to the Prime Minister recently, and public letters to this effect, and in view of the Prime Minister's own interest in this great question, I wonder if he could tell us whether there has been any substantial progress along the road to establishing regular and diplomatic relations with mainland China.

Right Hon. L. B. Pearson (Prime Minister): No recent progress that I know of, Mr. Speaker.

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. In view of the Prime Minister's fairly imminent retirement, is it to be hoped that he will be able to make an important statement in this regard before that occurs?

Mr. Pearson: Mr. Speaker, I might even be the first Canadian representative in Peking.

Some hon. Members: Hear, hear.

Mr. Lambert: That is known as preaching for a call.

TRADE

WHEAT—PROVISION FOR RESTRICTED MARKETING UNDER INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Trade and Commerce. Is it the minister's understanding of the new international grains agreement that all major exporting countries have the capability to limit marketings to support world wheat prices, and has Canada expressed its intention to do so if necessary?

Hon. Robert Winters (Minister of Trade and Commerce): Yes, Mr. Speaker, there is a formal provision in the proposed international wheat agreement to which Canada conforms, and we will certainly play our part in an endeavour to maintain the price structure.

Mr. Muir (Lisgar): A supplementary question, Mr. Speaker. Does the minister concur in the official United States view that these countries, including Canada, have the will to limit marketings and that the United States is willing to test countries like Canada if the United States feels it should do so?

Mr. Speaker: Order, please. I had very serious doubts about the first question. I have even more serious doubts about the supplementary.

AIR CANADA

INQUIRY AS TO CONTINUED USE OF JP-4 FUEL

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Transport. In view of the report of the British air safety group calling for the banning of JP-4, a fuel for jet aircraft which is cheaper than kerosene but highly inflammable, and in view of the fact that Air Canada is using it although its use has been abandoned by most large air lines, is the minister having any investigation made on the advisability of continuing to use this form of fuel in Air Canada jets?

Hon. Paul Hellyer (Minister of Transport): Not at the moment, Mr. Speaker. This question has been thoroughly investigated on previous occasions. The conclusion was that each fuel has some advantages and some disadvantages. I read the reports myself at one time and feel that the conclusions were probably right, that although one has some advantages the other has some advantages too. There was no clear cut indication that

one was markedly superior to the other. As far as I know there has been no evidence recently to change that conclusion. But I did find very interesting the evidence that was presented, and it does raise some questions in one's mind as to the difference under certain operating conditions as compared to certain other operating conditions. With regard to its danger, it depends entirely where and under what operating conditions the fuel is being used.

Mr. Douglas: I have a supplementary question, Mr. Speaker. I would like to ask the minister whether in his assessment of the situation the risk factor was found to be greater in JP-4 than in other fuels which are available.

Mr. Hellyer: As I indicated, Mr. Speaker, only under certain conditions.

Mr. Lewis: Remember you are Paul Hellyer, not Paul Martin.

RURAL DEVELOPMENT

QUEBEC—AGREEMENT RESPECTING ECONOMIC DEVELOPMENT PROGRAM

On the orders of the day:

Mr. J. R. Keays (Gaspé): I intended to direct my question to the Minister of Forestry and Rural Development, but in his absence I will put it to the Prime Minister. Owing to the anxiety evident in Quebec over the delay in signing the federal-provincial agreement under the FRED program, would the Prime Minister tell us approximately on what date that agreement may be signed?

Right Hon. L. B. Pearson (Prime Minister): I cannot do so, Mr. Speaker, but I will make inquiries.

AGRICULTURE

POTATOES—ANNOUNCEMENT OF FEDERAL ASSISTANCE PROGRAM

On the orders of the day:

Mr. David MacDonald (Prince): My question is for the parliamentary secretary to the Minister of Agriculture. I wonder whether the minister has made a decision yet with regard to acreage assistance for Prince Edward Island potato growers.

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the Minister of Agriculture announced this morning there would be a federal assistance program for commercial potato growers. In brief, it is $25 per acre to a maximum of $400 per farmer, based on the 1967 crop.

Mr. Ed. Schreyer (Springfield): I have a supplementary question, Mr. Speaker. I should like to ask the parliamentary secretary whether this program applies to any specific region.

Mr. Beer: It is a national program, Mr. Speaker.

NATIONAL DEFENCE

INQUIRY AS TO PURCHASE OF TRANSPORT AIRCRAFT

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of National Defence. Could he tell the house what progress is being made in obtaining a heavy transport aircraft in lieu of the C-141, so the C-5 plane can be used?

Hon. Léo Cadieux (Minister of National Defence): The C-5 will be used whether we obtain the C-141 or an alternate plane. We have different options so far as this big transport plane is concerned and we are studying them now.

HOUSE OF COMMONS

INQUIRY AS TO FUTURE PLANS OF PRIME MINISTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a matter of privilege. I wonder if I may ask the Prime Minister whether he does not think he should let the house know if this is the last day he will be in his place as Prime Minister. If so, we might like to say a few appropriate words.

An hon. Member: Can you?

Mr. Knowles: I do recall that on one occasion with respect to the right hon. member for Prince Albert the Prime Minister said that the place would never be the same without him. If this is to be the Prime Minister's last day, perhaps he could tell us, so we could—

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. I expect to be taking a comfortable seat on the back benches, and perhaps the words would be more appropriate for me then.

• (3:20 p.m.)

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

The Chairman: Order. House again in committee of supply on supplementary estimates (C), 1967-68. We will now consider the estimates of the Department of Consumer and Corporate Affairs. These estimates were last considered on March 19.

DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

1c. Departmental administration, $399,53.

Mr. Douglas: Mr. Chairman, I want to say just a few words on the estimates of this department, particularly with respect to Bill C-190 which was the result of some two years of investigation by a committee of this house which looked into the price of drugs and found that drug prices in Canada were higher than in almost any other country in the western world. As a result of that committee's work a number of recommendations were made to the government, two of which have been acted upon.

The first recommendation had to do with the removal of the sales tax on prescription drugs, and the government implemented that recommendation. The result was that there was some reduction in the price of prescription drugs across Canada. Since that time, however, the drug companies have announced very substantial increases which have more than wiped out the reduction occasioned by the government's removal of the sales tax. Therefore the position of the consumer today is actually worse, and not better, since the drug bill came before the house.

I received from a businessman in the province of Ontario a copy of a bill which he received for $51.60 for 60 capsules. This man was required by his doctor to take 4 capsules a day, which means that he has to pay $3.44 a day for the drug. Since he will probably be required to take it for a considerable length of time, one can see what a heavy burden this is for him.

When the businessman complained to his druggist, who was a friend of his, about this very exorbitant price, the druggist said, "I know it is very high but the"—particular drug company, which he named—"has a monopoly by virtue of its patent, and there is nothing we can do about it". Apparently this drug is cheaper in the United States, in Great Britain and elsewhere and, according to the druggist, this is the price which he must charge. One could duplicate this example again and again. The fact is that in spite of the government's action to remove the sales tax on prescription drugs, the Canadian public is still paying exorbitant prices for products which are not luxuries, which are not optional, but which they must have if they are seriously ill.

The second recommendation upon which the government acted was to make certain changes in the Patent Act and Trade Marks Act. These changes were brought before the house in the form of Bill C-190. We had an excellent debate in the house on this matter. The bill was given second reading, which as hon. members know means approval in principle, and we in this party were very anxious that the house should not recess until that bill had passed, been sent to the other place, and then been placed on the statute books. We have not been able to persuade the government to proceed with the legislation, and various explanations were given to us. Sometimes we were told that the reason the bill could not be proceeded with was that the official opposition, the members of the Conservative party, were going to put on a protracted debate.

Mr. Pugh: That is ridiculous.

Mr. Douglas: I think the government could have called the bill and found out whether or not that was true. On the other hand I find that members of the official opposition have been told that there were important amendments which had not been drafted, and therefore the bill could not be proceeded with. But I draw the attention of the committee to the statement made by the Minister of Consumer and Corporate Affairs on March 19 at page 7815 of *Hansard*, where he said:

> In light of the suggestions that were made by the official opposition we reviewed the bill. We have come forth with what we think are additional clarifications that in our opinion re-ensure the safety measures of the bill. I am prepared, of course, to stand by the bill in terms of its economic significance and in terms of the safety of the Canadian people, and I am prepared to have it debated at any time.

Therefore, Mr. Chairman, it seems to me that the minister who is in charge of the bill and who ought to know whether or not these amendments are ready for consideration by committee of the whole has made it abundantly clear that as far as he is concerned he has discharged his responsibility, that he has the amendments ready, and that it is not his

fault that this bill has not been proceeded with.

There has been criticism of the fact that we in this party have been both insistent and persistent on the question of proceeding with Bill No. C-190. I want to point out that the correspondence I have received indicates that this criticism of our actions has not been widespread. I think that the great majority of the public were supporting the members of the New Democratic party in their urging the government to proceed with the bill which, in our opinion, would be of considerable help in reducing the price of prescription drugs.

I was interested to note when I was in Edmonton last Friday an editorial in the Edmonton *Journal*, which is a well known supporter of the Liberal party. The heading of the article read: "Drug prices bill: The N.D.P. is right". The article went on as follows:

> Mr. Allan MacEachen said in the Commons that the N.D.P. charge of "political considerations" in the government's refusal to bring about a vote on a bill designed to reduce prescription drug prices almost made him gag.
>
> The minister of health appears to be highly selective in his choice of things to make himself gag. A great deal has happened in the Commons in recent years to make even a person with a strong stomach gag. But the N.D.P. efforts to have this important bill dealt with now is not one of them.
>
> The urgency of the matter is pointed up by the announcement of price increases, up to 30 per cent, by a major drug company. Perhaps its theory is that the best defence is to attack. But Canadian drug prices already are the highest in the world!
>
> The bill on which the N.D.P. wanted a vote is not an N.D.P. bill. It is a government bill to amend the Patents and Trade Marks Acts in such a way as to force down retail prices. It was introduced by the government with a great flourish in a manner designed to extract the maximum political mileage from it. It has been given second reading—approval in principle. But a terrific lobby has been raised against it by the pharmaceutical industry.
>
> Quite rightly, the N.D.P. did not want to see it die on the order paper.
>
> But not only did the government set its face against third reading before the recess. It also refused to give any undertaking that the bill would be the first order of business when the house reassembles April 23.
>
> It is sad to see the urgent business of the nation neglected in this way. But it is not out of harmony with the bumbling and fumbling the nation has come to expect from the Liberal government.

Therefore, Mr. Chairman, I submit that the attempt of this party to persuade the government to bring down this legislation before we recess has not met with widespread criticism but, on the whole, has been supported by a great many of the people of Canada and by a goodly part of the press of this country.

[Mr. Douglas.]

Our concern, Mr. Chairman, has not been just with having this measure passed before the recess. What we had been primarily concerned about is the danger that this legislation would be dropped. The fact that there has been a very powerful lobby by the drug manufacturing companies is well known. To our minds there seemed to be every indication that the government was beginning to change its mind, that it was beginning to lose its determination to see that the bill did become law. That is why we have repeatedly asked the government for some assurance that the bill would be passed.

If the bill is not to be passed before the recess, Mr. Chairman, then at least we need a commitment that the legislation will be dealt with immediately after parliament reassembles on April 23. This is why I asked the Prime Minister yesterday the question I did, and I want to put once more on the record the reply of the Prime Minister, which is reported at page 8058 of *Hansard*. His reply was:

> But I have already indicated, Mr. Speaker, that we consider this as priority legislation, and it certainly is not that we are determined not to proceed with it. We are determined to proceed with it, but we have indicated that we feel this should be after the recess. We will not be proroguing; we will be adjourning. On our return—and I have discussed this matter with my colleagues in the cabinet, all of them, some more individually perhaps than others—there will be two items of legislation which really have top priority. One is this bill; the other is the Kennedy round negotiations which are matters of very great urgency in the trade field. I think we should proceed with those two items immediately on our return, and my colleagues in the cabinet agree with me on that score.

I should like on behalf of the members of this party, Mr. Chairman, to say that we are very happy to have that categorical assurance from the Prime Minister. We take this as a commitment not only from the Prime Minister himself, who unfortunately is not likely to be leading the government when we reassemble on April 23, but also as a firm commitment from all members of the cabinet.

In all probability the next prime minister will be one who is a member of the present cabinet. We feel that this commitment is binding upon whichever of the candidates is selected as leader of the Liberal party, and consequently prime minister of Canada. We shall be pressing the government very hard, and urging the new prime minister to carry out the commitment made yesterday by the Prime Minister.

• (3:30 p.m.)

On that understanding we are satisfied for the present that this bill is not to be killed, and when parliament reassembles we shall be urging that it be one of the first items called so that this parliament can take a step toward reducing the price of prescription drugs to the consumers of Canada. We do not suggest for a moment that these amendments to the Patent Act and the Trade Marks Act are going to solve all the problems in the drug industry, but we do feel that the work of the committee following two years of investigation does count for something. We also feel that the investigation conducted by the combines investigation branch and by the Department of Consumer and Corporate Affairs counts for something. This valuable work ought not to be allowed to go down the drain. If this legislation offers any hope at all that we can do something about the price of drugs, that we can do anything at all to make it easier for those people who must buy drugs in fairly large quantities, then parliament ought not to shirk its responsibility in this regard. We therefore accept the Prime Minister's commitment and when we reassemble we shall expect the government to carry out that commitment.

Mr. Rynard: I listened with interest to the hon. member for Burnaby-Coquitlam and I am sure we all agree that we need the cheapest drugs possible for those who are sick. But those drugs must be safe. It is no use getting cheap drugs which might poison someone, and that matter requires looking into.

I also wish to clear up another misunderstanding. In today's *Globe and Mail* Mr. Michael Gillan, writing about the government's move to win a house recess, said that the government was opposed to proceeding with the drug bill because Conservatives have indicated they would conduct a lengthy debate on estimates to block the way to consideration of the drug bill. I want to say that that is completely false and erroneous.

Some hon. Members: Hear, hear.

Mr. McCleave: The *Globe and Mail,* please note.

Mr. Rynard: At no time did the Conservative party consider blocking this bill by conducting a lengthy debate on estimates.

An hon. Member: That was N.D.P. nonsense.

Mr. Rynard: When the government proceeds with the bill we shall be prepared to deal with it clause by clause, and I want that on the record.

I now wish to deal with another matter. We often talk about protecting the consuming public, but we do not often say anything about protecting one government from another. In the federal house, here in Ottawa, we often say that we shall share programs. When we share those programs we most often share them with provinces, and the provinces are called on to share in the costs of programs. Sometimes they pay more than their share. Sometimes the share we ask them to pay is beyond their financial ability. In my opinion when we apply such pressures we are doing something that, in my judgment, constitutes political blackmail.

When provinces are asked to share in a program everybody forgets that provincial governments must pay for the administration of those programs in the provinces. This is true of the medicare program. The federal government is to share the cost of the program with the provinces, but the provinces will pay for the administration. As I say, we must remember sometimes that one level of government needs to be protected from another. Ontario, my province, is budgeting for under $300 million deficit, and the federal deficit at Ottawa will be about $800 million. If this situation exists right across the country it shows that our financial condition is not good. We must have priorities and we must stop blackmailing the provinces and the public into accepting and paying for programs they do not necessarily need, and which may be wrong in principle.

I also want to ask what the government will do in order to provide doctors to operate the medicare scheme? If we do not provide doctors for the public, are we not cheating the public? If we are not cheating now, then I have never seen cheating anywhere. Our people will have to pay their medicare premiums but there will not be the doctors to take care of them in Canada. My hon. friend from Sudbury brought this point to the attention of the house the other day, when he spoke about the scarcity of general practitioners. I ask what the government will do to alleviate the shortage. Being 2,000 doctors short of our requirements, we are in the throes of a major medical crisis. Some areas of Canada have no doctors at all, yet we are talking about universal medicare. Anyone going to a strange

locality and taken sick at night will very likely wind up in the emergency department of the local hospital. It is hard to get a doctor out to see a patient at night because doctors are scarce. In any event our doctors and hospitals are overburdened.

I appeal to this government, which I know is in a difficult position, to take steps to alleviate the shortage. Our present crisis is as bad as our 1942 crisis, which was met by having the medical schools operating all year round. Our output of doctors then was increased by 50 per cent.

Mr. Douglas: Hear, hear.

Mr. Rynard: It is wasteful and inefficient to have our expensive capital items, the medical school buildings, left idle for part of the year. I appeal to the government and to the minister concerned to meet with provincial health ministers, the heads of universities and teaching representatives and to see if medical schools could be operated throughout the year. Teaching in medical schools should not be confined to eight months of the year, with the schools being left empty for the remainder of the year. That is the only way we shall get enough doctors, and that is the only way we shall avoid cheating our public, which is paying for services it will not get.

Some will ask: But what about the doctor teacher shortage? My answer is that we can use television and the new audiovisual teaching methods which have come into prominence recently. Any student sitting in any classroom in Canada, because of television or audiovisual methods can see the greatest teachers in this country and hear them lecture. All that is needed is a proctor to note a student's questions after the lecture. It is as easy as that. Some say: But you cannot do things that way. Let me say that in the United States and Canada credits are given to those who go to conventions and teaching seminars, where teaching is carried on by this method.

• (3:40 p.m.)

These doctors are costing us a lot of money. It costs approximately $50,000 to put a doctor through medical school. As the hon. member for Sudbury has pointed out, we have a great stake in their careers. The difficulty caused by a shortage of practitioners is increasing today and we must see that a much worse crisis is avoided. We were able to cope in 1942 with the crisis but today we apparently cannot. I say to the minister of consumer affairs or to whoever is taking his place, that a consumer who is paying for something he is not getting is being cheated as badly as someone who picks an article off a counter which is priced too high. I hope that when the Liberals hold their convention this matter will be brought up. They intend to bring in medicare as of July 1. The first thing they should do is insure that doctors are available to carry out this project. Let us quit cheating the public.

Mrs. MacInnis (Vancouver-Kingsway): It is significant we should be ending this part of the session by talking about consumer problems. We had a discussion on aspects of the drug bill and today we have been talking about increasing the supply of doctors.

I want to refer again, today, to the way in which those who are hard of hearing are mercilessly exploited. Since I raised this subject the other day I have been amazed by the flood of letters and communications forthcoming from people all across the country who are hard of hearing and who feel they are being exploited. I wish to bring fresh evidence before the committee because the removal of these grievances should, I feel, be one of the immediate tasks of the department of consumer affairs. I am glad to see the minister in charge nodding his head. A real effort must be made to get to the bottom of this.

I mentioned that an inquiry by the minister of trade in British Columbia had discovered that in Vancouver and Victoria the mark-up on hearing aids as between wholesale and retail prices was as high as 306 per cent. One of the members of the legislature drew attention to the fact that hearing aids which cost $35 to manufacture in Japan were being sold in Vancouver for upwards of $400; that others which cost $77 to manufacture were being sold for $700. Since I raised this matter a great deal of evidence has come in from other parts of Canada. It should be remembered that most of these people have absolutely no means of deciding how much should be paid for a hearing aid, or which of the various models, widely differing in price, are best suited to their needs. One man who lives in this city inquired about hearing aids and was given information about four makes, all of them of the kind with a cord, the kind he needed. One was priced at $400, another at $280, a third at $329 and yet a fourth at $245. How was this man to decide which of the hearing aids he should buy? No information has gone out from the Department of Consumer and Corporate Affairs to help him decide where the best value lies. In the case I refer to the man is hard up and has no means of knowing.

From Winnipeg I have had evidence in connection with the price of batteries, a constant source of expense to users of these aids. Recently the price of these tiny button-like batteries rose to 60 cents per battery. Last night it was suggested by one of the hon. gentlemen opposite on the treasury benches, in connection with an increase in the price of milk, that two cents was not very significant. But it is a matter of two cents here, two cents there; it all adds up. And an extra 10 cents every time a battery is needed is a definite extra burden. One lady tells me that the battery she uses was supposed to last for seven days—but it wore out at the end of three days. This complaint was from a local woman.

Now I want to give the committee some evidence about prices charged to repair these hearing aids. A man living here in Ottawa writes:

> I have solved the price problem myself by buying hearing aids in England. They cost about half as much as here and the batteries cost about 60 per cent as much. A few years ago my spectacle hearing aid failed and I asked one of the better dealers here about repairs. He said that it would have to be sent to Toronto or Montreal and as a foreign product there might be some delay in doing the work. The cost might be between $30 and $40. Having a spare aid, I air-mailed my usual aid to London and had it back in about ten days. The charge was $3.20.

Surely the Canadian users of hearing aids have a right to expect some protection from this new department. I hope our hands will be strengthened by a whole flood of letters on this subject.

I wish now to say something about the selling practices used to persuade people to buy these hearing aids. Again, I have evidence from a small Ontario town—

An hon. Member: Ottawa?

Mrs. MacInnis (Vancouver-Kingsway): No, I would not call Ottawa a small town. I believe it is fifth on the list of Canadian cities, by population. Here is a letter, addressed to me, which says:

> I was offered a position selling hearing aids by one of the distributors. I found that the commission offered for selling added tremendously to the price. I found that hearing aids were being sold to people who really did not require aids. I found the sales pitch positively repulsive. I refused the job.

• (3:50 p.m.)

In corroboration of these statements, I would refer members of the committee to an article which appeared in the Toronto *Star* of May 13, 1967, written by a journalist called Tori Salter. Before writing her article she took the precaution of visiting a reputable ear specialist who assured her that her hearing was perfect and that she needed no treatment. Then she went out to buy a hearing aid, and to report her experiences in doing so. At the first place she went to—and I quote from the article—

> —the strong-featured woman studied the impressive-looking form in her hands, her heavily-pencilled eyelids narrowing in concentration.
>
> "You have a real problem," she told me. "Your audiometric test shows that while there is considerable hearing loss in both ears, the deterioration is much greater in the right ear. Fortunately we can still help you, but two hearing aids will be required. It will be expensive."
>
> "Expensive?"
>
> "About $800," she assessed.

And so on, and so on. This was a woman who, just two hours previously, had been to a hearing specialist and had been assured that her hearing was normal and that her ear drums were intact.

Then the writer of this article went on to find out that a survey of the Toronto market revealed prices ranging from $85 for a box type hearing aid with a cord, to $1,000 for miniaturized models. I quote from her article further:

> A manufacturer defended spiralling costs on the basis of a limited market, which he said made the economies of mass production impossible.
>
> On the other hand, Professor Norman F. Moody, Director of Biomedical Electronics, University of Toronto, commented: "In my opinion, it should be possible to sell a hearing aid which consists basically of a small microphone, some transistors, a receiver, an amplifier and an ear piece, for $100—and still allow for a reasonable profit after carrying out the necessary tests and fitting."
>
> "Price has little to do with the effectiveness, or lasting quality of a hearing aid," said one dealer. "A poorly designed instrument selling for $350 may be inferior to a better-engineered product selling for half the price."

What I would like to know is when can we expect some protection for people who have to buy hearing aids and who, at the present time, have absolutely no guidance, and no protection from this merciless exploitation?

I quote from another letter which I have received on this subject, again from a small town not very far from Ottawa. In part it reads:

> We are old age pensioners and my husband has tried to get a hearing aid but we just can't afford it. He is very despondent as he can't hear and misses so much. We went to one party and they wanted over $200. Is there no way he could get one? We live on a pension, and it takes it all.

The points I want to make briefly, Mr. Chairman, are that we do not know anything

about the rules or regulations in connection with hearing aids. We do not know how much a hearing aid should cost. We do know there is a tremendous spread between the manufacturing cost and the selling price, and we know that the price of batteries is continually rising. Further, there is a terrific disparity between the cost of repairs in this country and the cost of repairs in Great Britain, and between the price of hearing aids in this country and their price in other countries.

We also know that under the national health plan in Great Britain hearing aids are included in the medicare program. Further, we know that according to the estimates for the year ending March 31, 1969, the cost of the consumer affairs branch of the department is going to be $394,400. That is a lot of money. It is a great amount to be taken off little people and others who pay income tax. Those people who can ill afford to pay this taxation are going to demand that they get some kind of worth-while consumer protection. I think they have a right to get it, and this business in connection with hearing aids is one particular area in which they have the right to get protection.

The terms of the legislation establishing the Department of Consumer and Corporate Affairs set out that the minister shall:

(a) initiate, recommend or undertake programs designed to promote the interests of the Canadian consumer;

(b) co-ordinate programs of the government of Canada that are designed to promote the interests of the Canadian consumer;

(c) promote and encourage the institution of practices or conduct tending to the better protection of the Canadian consumer and co-operate with provincial governments or agencies thereof, or any bodies, organizations or persons, in any programs having similar objects; and

(d) undertake, recommend or assist in programs to assist the Canadian consumer to be more fully informed about goods and services offered to the consumer.

Instead of spreading myself all over the map about a hundred things in which the consumer needs protection I have chosen to document the vital need for consumer protection with respect to hearing aids.

Item agreed to.

(The following items were agreed to):

5c. Bankruptcy Act—Administration, $109,000.

25c. Consumer Affairs Branch, $175,000.

The Chairman: This completes the supplementary estimates of the Department of Consumer and Corporate Affairs. The committee will now consider the estimates of the Treasury Board.

TREASURY BOARD

7c. To authorize the Treasury Board to delete from the accounts certain debts due, and claims by, Her Majesty, each of which is in excess of $1,000, amounting in the aggregate to $19,067,138.26, of which $44,570 represents an item that has been carried as an asset in the Statement of Assets and Liabilities, $44,571.

Mr. Knowles: Mr. Chairman, I have a few words that I want to say on this item but in view of the understanding that we conclude the supplementary estimates at four o'clock I think I can make my remarks when we are on the resolution preceding the interim supply bill.

Item agreed to.

L117c. To authorize in the current and subsequent fiscal years, notwithstanding the Financial Administration Act, where sums are due to federal government departments and agencies from the working capital advance established by Vote L99e, Appropriation Act No. 4, 1966, for the provision of data processing and related services, the payment from those sums of amounts payable by the said departments or agencies to the said working capital advance, $1.

Item agreed to.

The Chairman: This completes the estimates of Treasury Board. The committee will now consider the supplementary estimates of the Department of Fisheries.

DEPARTMENT OF FISHERIES

Fisheries Management and Development—

15c. Grants, contributions and subsidies in the amount and subject to the terms specified in the sub-vote titles listed in the details of estimates, $1,065,000.

Item agreed to.

17c. Estimated amount required to recoup the Fishing Vessel Indemnity Account, the Lobster Trap Indemnity Account and the Fixed Fishing Gear and Shore Installations Indemnity Account established under Vote 540 of the Appropriation Act No. 5, 1955 and Vote 527 of the Appropriation Act No. 6, 1956, to cover the net operating losses in the said Accounts as at March 31, 1968, $157,700.

Item agreed to.

The Chairman: This completes the supplementary estimates.

Perhaps I should point out to the committee that vote 15c is the revised estimate of the Department of Fisheries. The initial estimate was not proceeded with.

Mr. Bell (Carleton): The one that was carried is in the amended form in accordance

with the message that was delivered last night. Is that right?

The Chairman: Yes.

Resolutions adopted in committee of supply this day reported and concurred in.

WAYS AND MEANS

Hon. L. T. Pennell (for the President of the Treasury Board) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Batten in the chair.

Mr. Pennell moved:

Resolved, that towards making good the Supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending the 31st March, 1968, the sum of $287,980,264 be granted out of the Consolidated Revenue Fund of Canada.

Motion agreed to.

Resolution reported and concurred in.

Mr. Pennell (for Mr. Benson) thereupon moved for leave to introduce Bill No. C-211 for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1968.

Motion agreed to and bill read the first time.

• (4:00 p.m.)

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

Some hon. Members: By leave now.

Mr. Pennell moved the second reading of the bill.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the Chair.

On clause 2—*$287,980,264 granted for 1967-68*

Mr. Bell (Carleton): Mr. Chairman, may we have from the Solicitor General the assurance that this bill is in the standard form and contains nothing that is not usual in such an appropriation bill?

Mr. Pennell: Mr. Chairman, the form of this bill is the same as that passed in previous years. I have one brief comment in respect of clause 7.

Clause agreed to.

Clauses 3 to 6 inclusive agreed to.

Ways and Means

On clause 7—*Power to raise loan of $2,000,000,000 for public works and general purposes*

Mr. Bell (Carleton): Mr. Chairman, I observe that clause 7 seeks the authority to raise a loan of $2 billion. Would the Solicitor General indicate the necessity for this particular requirement and what this means by way of authorized loan total in appropriation bills which are outstanding.

Mr. Pennell: Mr. Chairman, as the committee is aware it is customary at the beginning of a new fiscal year to request $1 billion in net new borrowing authority. This bill before you requests $2 billion. The additional amount of $1 billion is being sought at this time to enable the government, if circumstances require it, to borrow substantial sums in terms of foreign currencies. The full amount of this authority may not be required. It is important, however, for the government to have flexibility in its debt management planning and operation.

To assist the committee I would point out that the total borrowing authority authorized annually by parliament in the last few years have been as follows: 1960-61, $1,500 million; 1961-62, $2,000 million; 1962-63, $2,500 million; 1963-64, $2,000 million; 1964-65, $1,750 million; 1965-66, $1,750 million; 1966-67; $1,750 million.

I respectfully suggest that this bill follows the usual form of the last few years.

Mr. Bell (Carleton): Mr. Chairman, I merely wish to say that in passing this bill at this time and under these hasty conditions we are not to be taken as concurring in this extended borrowing power.

Clause agreed to.

Clause 8 agreed to.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Batten in the chair.

INTERIM SUPPLY

Mr. Pennell (for the President of the Treasury Board) moved:

Resolved, that a sum not exceeding $1,118,202,797.17, being the aggregate of—

(a) two-twelfths of the total of all of the items set forth in the main estimates for the fiscal year ending the 31st of March, 1969, laid before the House of Commons at the present session of parliament—$1,051,635,522.17;

(b) four-twelfths of the total amount of Atomic Energy item 5 and National Research Council of Canada including the Medical Research Council item 10, (Schedule A) of the said main estimates —$30,666,333.33;

(c) two-twelfths of the total amount of External Affairs item 35 (Schedule B) of the said main estimates—$23,566,666.67;

(d) one-twelfth of the total amount of Office of the Chief Electoral Officer item 1, Consumer and Corporate Affairs item 25, Indian Affairs and Northern Development item 20, Legislation items 5 and 20, and Transport item 30, (Schedule C) of the said main estimates—$12,334,275.00,

—be granted to Her Majesty on account of the fiscal year ending the 31st of March, 1969.

The Chairman: Shall the resolution carry?

Mr. Knowles: Mr. Chairman, before this resolution carries I should like once again to say a few words concerning what some of us regard as a very important issue, namely the question of increasing the pensions of retired civil servants. A few minutes ago when the item for the Treasury Board was called I indicated I had something to say but that I would defer my remarks until this point.

• (4:10 p.m.)

Mr. Chairman, it has been something of a temptation to me today to speak to this matter with cynicism and a sense of utter despair. In fact, I am almost tempted to copy the style of the hon. member for Carleton in respect of some of the things he has said on this issue. I realize, however, that while I could express my outrage and get something off my chest, perhaps that is not the way to get something out of the government opposite. Therefore I shall refrain from that kind of approach and once again make the strongest appeal I can possibly make to the government to deal with this matter before the present session ends.

We already have the assurance that when we rise this evening we will be adjourned, not prorogued, and that when we come back on April 23 we will deal with high priority matters. I recognize that no commitment has yet been made by the government to deal with this matter among others having high priority, but I urge this is of very high priority and that it ought to be dealt with before this session is prorogued, I presume sometime toward the end of April.

I am sure you, Mr. Chairman, representing a constituency in this area, as well as your colleague who sits to your right, the hon. member for Ottawa East, and your friend to your left, the hon. member for Carleton, as well as others, are aware of the importance of this problem. Indeed, we are terribly aware of how bitterly disappointed some 50,000 or 60,000 federal superannuates, counting retired civil servants, retired R.C.M.P. personnel and retired members of the armed forces, feel because this matter has not been dealt with before now.

I will not take the time to recount the efforts that some of us have made with regard to this matter over 20 years or more, but I do draw attention once again to the fact that the hon. member for Ottawa East tabled on May 8, 1967, a report of a joint committee of both houses on which were representatives of all parties, in which it was unanimously recommended that there be an immediate increase in the pensions of retired civil servants, including civil servants as we know them by that name, retired members of the armed forces and retired R.C.M.P. personnel.

I know it is awfully difficult to document by reference to *Hansard* the kind of promises that were made to us, but the promises were implicit in the things that were said on the floor of the house, and the promises given to us outside this house were very explicit. This matter was going to be dealt with last summer. Indeed, I was told on several occasions it was going to be dealt with before the end of June. Hon. members know that on July 7 when some of us tried to get the house to stay here to deal with this we lost the vote and we were sent home with the assurance by Liberal members that it was just a matter of waiting until the fall. We came back in September, and I suppose there has not been a week since that some of us have not raised this question, but in vain.

Shortly after the Prime Minister announced his intended resignation I began to urge him to put this matter on his personal priority list as a matter that should be dealt with before he became a retired civil servant himself. Reference was made to this today, and he suggested this gave him a vested interest. I think that hardly applies. The fact of the matter is that on Friday, December 15, 1967, as recorded in *Hansard* at page 5474 the Prime Minister told me that he hoped to be able to reconsider sympathetically this very difficult problem, and he used these words:

I hope the situation will so improve during the remainder of my period on this side as Prime Minister that this may be possible.

Likewise on January 31, 1968, as recorded at page 6207, the Prime Minister assured me that the matter was one of great importance and was continuing to receive consideration. On Friday, February 9, 1968, I again asked the Prime Minister whether there was hope that this matter would be dealt with before he relinquished his office as Prime Minister. His reply to me was, as recorded at page 6558 of *Hansard* on that day, was "I certainly hope that the situation will improve." Again on Wednesday, March 13, 1968, I asked a similar question, and on page 7586 of *Hansard* the Prime Minister replied as follows: "Mr. Speaker, the hon. member must never give up hope."

That is a pretty hard admonition to follow in this case, because here we are very close to the end of this session and very close to the end of the present Prime Minister's régime, and nothing has yet been done. Maybe I should accept the fact that there is no hope that anything will be done while the present Prime Minister still occupies that office, but I refuse to do so. I refuse to give up hope.

On Wednesday, March 20, 1968, I asked a similar question. This is the last sentence of the Prime Minister's reply to my question as to whether something would be done before we resume in April, as recorded at page 7863 of *Hansard*:

> We will certainly give the matter consideration and do what we think is right in the circumstances.

That is a pretty ambiguous reply. Doing what is right in the view of the Prime Minister might be doing nothing, but I cannot imagine that the Prime Minister would play with words in that way. Surely when he said "we will" do something he meant something, rather than nothing. I call upon the Prime Minister, as did the hon. member for Carleton today, and as several of us have done during the past few weeks, to crown his career as Prime Minister of this country by dealing with this very important matter.

I recognize that it was not possible for the Prime Minister to remain in the house this afternoon, but I am told that the Minister of Industry is here representing the President of the Treasury Board on this matter. I notice other members of the cabinet in attendance as well, and I hope that in spite of their preoccupation during the next couple of weeks with other matters they will in their cabinet discussions face the fact that in all honesty, decency and fairness they must deal with this issue.

It is not my intention to take the time to go over all the arguments which have been placed on the record time and time again in favour of increasing the pensions of retired civil servants. The figures have been placed in *Hansard* repeatedly regarding the number of people involved: 30,000 retired civil servants, 15,000 widows of retired civil servants and several thousand in the other two categories. There are also figures on the record showing the huge amounts of money credited to the public service superannuation fund, as well as to the other two funds.

In the case of all three funds, for retired civil servants, for retired R.C.M.P. personnel and for retired armed forces personnel, the interest that is being paid each year on the amount in the funds is by itself greater than the amount that is being paid out in pensions to retired people. It seems to me that there is no argument against the capacity of the government to pay these increased pensions, and I insist that action should be taken now. There are those who resist doing something for these people on the ground that we should not do something for one group of people that we do not do for all. In reply to that I say again that the government has a special responsibility to its own employees, the responsibility of being a good employer. I also say that this business of escalating pensions is an issue facing us in the pension field in respect of which we will have to do something substantial in the next few years, or our whole pension structure will collapse.

I suggest there is no better place for the government to begin the escalation of pensions that have been put in pay than in respect of its own employees. The government has already accepted the principle in part by putting an escalation clause in the Old Age Security Act and in the Canada Pension Plan. I suggest this ought to be done here as well.

• (4:20 p.m.)

The time is limited and I see two or three others who may wish to get to their feet and support this plea. I hope they will. I hope the hon. member for Carleton will have a few appropriate words to say. I hope the hon. member for Ottawa East will also rise and say something about this matter, because I know how strongly he feels about it. I know he feels as disappointed as I do that the report which we tabled on May 8, 1967, was put on the shelf, only to be covered with dust. I hope that hon. member will use his influence, as a member on the government

side, to press the government to act on this issue.

I said last July, when we were speaking on this matter, that to delay it till the fall was unfair; that many people would not live to receive any benefit that might come later. Many hundreds have died in the meantime, as you will see if you check the figures from one year to the next. These people have not enjoyed the benefit of the proposed increases. This will continue to be the situation unless action is taken.

There is no excuse whatsoever for this delay. I say again that if ever there was an opinion expressed that ought to be recognized, it is the opinion of the special joint committee on the public service of Canada, which represented both houses of parliament and all parties. This committee met for many months—I think it was about a year—dealing with four or five different pieces of legislation. It was thoroughly seized of the problems of the federal public service, and I think the recommendation it made was a well thought out and responsible one.

As I say, I want to leave for others the opportunity to comment on this question if they wish to do so. I hope the Minister of Industry has been taking this in, as the acting President of the Treasury Board today. I am glad to see that the Solicitor General is also present, and the Minister of Labour. We are favoured at this particular time by having in the chamber ministers who are not involved in the leadership race that is taking place. They can attend to good, solid business. I see that the parliamentary secretary to the President of the Treasury Board is here as well. I call on all of them to face up to the seriousness of this issue. Let us not disappoint these people any longer. The government should not any longer have the reputation of being the kind of employer that does not come through with what is deserved, and what these people have a right to expect.

As I have already pointed out, the Prime Minister said to me in reply to one of my questions: The hon. member must never give up hope. Well, Mr. Chairman, I am not giving up hope. I trust that action will be taken before the present Prime Minister leaves office in April. I urge that this be done without fail.

Mr. Richard: Mr. Chairman, it is perhaps a little late in the day, but I should say a few words on the subject raised by the hon. member for Winnipeg North Centre. As hon. members know, for the past 20 years I have been one of those pleading the cause of the retired civil servants. So this problem is not new, and it should have been settled a long time ago.

About two years ago I accepted the chairmanship of the joint committee of the Senate and House of Commons which inquired into the public service situation, and more particularly dealt with legislation which was presented to this house. We had a very good and very able committee. There was agreement on all sides. When those bills had been disposed of we were requested to deal with the question of retired civil servants. I agreed to continue as chairman of the committee, not with the hope but with conviction that I was doing a job. I was fully convinced we would prepare a plan that would be accepted in due time by the house.

Hon. members will recall that we made haste in the committee and on the last day, just before the closing of the session, on May 8, 1967, I presented a unanimous report of the committee. I agree that something has to be done in this regard. I hope it can be done before this session is ended. There is absolutely no financial reason why this matter should not be dealt with. It is a small matter in the budget of this country. Figures were presented to our committee which have not been challenged or denied, because they were presented by officials of Treasury Board. The people affected by this delay have been suffering because of the inequitable treatment being afforded them. I am sure I speak for many members of the house when I say that I cannot see how we can delay action any longer.

More and more representations from organizations are being made to me. But what can an ordinary member do at this time, except tell these people that consideration is still being given to the report, which is clear and is not out of line with regard to the possible cost? The implementation of the report would be doing only what this committee decided should be done, at the request of the government.

I am sure there are many cabinet members in agreement with the findings of our committee. The dissidents, or those who have been in the way of progress in regard to this legislation, should rise in their places and tell us all why the legislation should not be put through.

Mr. McCleave: Mr. Chairman, I should like to make one point and draw to the attention

of the Minister of Industry the result of a recent study in the Atlantic provinces. I shall be very brief in so doing. I refer to a study conducted by the Atlantic Provinces Economic Council, entitled "Recent Population Trends, Atlantic Provinces". The study was prepared by Arthur C. Parks, the chief economist for APEC. In the foreword of this report we find the following paragraph:

> One general conclusion of the examination is that the population of the Atlantic region, relative to other parts of Canada, continues to be rural, rural population accounting for about 46 per cent of the total in 1966. Another general conclusion is that, with a few exceptions, the population of the larger regional communities is growing much less rapidly than is that of larger communities in the rest of the country. Thus the trend to population concentration is not as pronounced as it is elsewhere. A third conclusion is that much of the population movement which might be expected to result in a greater concentration in larger regional communities is a movement out of the region.

I should also like to quote from page 6 of the report as follows:

> —in all of Canada urban population rose from 69.6 per cent of total population in 1961 to 73.6 per cent in 1966, and rural population declined from 30.4 per cent to 26.4 per cent. Thus while almost three quarters of Canadian population resided in urban areas in 1966, only a little more than half of the population of the Atlantic provinces was located in urban areas.

So far I have not told the committee the purpose of my putting these two quotations on the record, but I think anybody who has followed the request of Atlantic provinces members will realize that it is rather compelling evidence that the area development and industrial incentive program should be extended to all parts of Atlantic Canada, rather than leaving out the metropolitan areas of Saint John and Fredericton and the metropolitan area of Halifax-Dartmouth which I serve.

• (4:30 p.m.)

I want to put it on record because the Minister of Industry has turned down requests from Atlantic Canada that the cities be placed within the program, and the APEC study shows quite conclusively that if any real approach is to be made to Atlantic Canadian problems and any desire shown by the government to help build up that area, we must start with the natural growth centres and give them the benefits of the incentive program. As it is now, we frequently find that important industries are leaving Halifax or Saint John and moving out into areas where this program is in existence. I hope that the points I have presented this afternoon will commend themselves to the present or the future Minister of Industry—who may perhaps be one and the same gentleman—and to the next Prime Minister of Canada.

I should like to note in conclusion that under the present act the minister has the power to cure the situation with a stroke of the pen.

Mr. McLean (Charlotte): Mr. Chairman, I have been sitting here two days and two nights trying to get a word in edgeways. I wanted to speak on the fisheries estimates, but due to the agreement to close the debate at four o'clock I could not speak until now.

I want to bring to the attention of the Minister of Fisheries or his parliamentary secretary the fact that the herring reduction industry is now being transferred from the west coast to the east coast and that no conservation measures were introduced on the west coast. Now restrictions have been imposed on the west coast. Herring on the east coast are being fished in great abundance and are being reduced to fish meal and oil and not being used for human consumption. The female herring produces 80,000 eggs each year of which only about 25,000 survive. Spawn herring are being fished in millions and they would produce billions and billions of small fish.

In the bay of Fundy we have an industry which has been there for upwards of 100 years and which has greatly increased its production in the last 25 or 30 years. Its raw material is small herring, and it does business all over the world. No one knows, not even the Department of Fisheries where these small herring originate. All we know is that they originate from the spawn herring. When they come to the bay of Fundy, they come in different sizes each year, so they are not all spawned in the same areas. I think the minister should have sufficient foresight to realize the necessity of protecting the spawning banks and protecting the spawn herring from being fished before they spawn. Otherwise an old established industry may be put out of business.

This industry employs upward of 2,000 people in the summertime, but the reduction plant employs only five or six people because the process is almost wholly automatic. The reduction industry is established in a designated area and it receives subsidies from the government, so that after five years they make a sufficient profit to be able to get out of business. But the established industry must stay on the job. As I said, no one knows

where these herring are spawned, but we do know that if the spawning banks are interfered with we will not be able to get the small fish.

We had an example of this when years ago the spawning bank was protected on the island of Grand Manan, sometimes by British warships. Finally, some people became somewhat greedy and invaded the spawning banks. In a few years time, the herring fishery was exhausted. So we know from experience that if spawning banks and spawn herring are not protected, the industry disappears.

The small herring not only supply the canneries but also supply other fish with food. When you reduce the herring supply, you also reduce food for other ground fish. So naturally the herring fishery affects all fishery. Therefore it is an absolute necessity that the herring fishery be protected. We do not want the industry on the east coast to suffer as did the industry on the west coast as a result of the failure to impose restrictions in time. A number of reduction plants on the east coast are now superfluous. Some of them were subsidized by the federal government. I think the Department of Fisheries should investigate any reduction plant before it is established in the Atlantic provinces to see whether or not it is economical.

Of course the provinces are anxious to get any money that is going, and if the federal government is ready to come forth with aid, the provinces will naturally try to profit from it. However, this matter should be reviewed, and the Department of Fisheries should have some say as to the grants made by the Department of Industry to establish reduction plants. It is very important that the herring industry be protected.

A few years ago I spoke about the clam industry and I outlined what I thought should be done to protect it. However, nothing was done and the department continued in the same old way. Last year the last clam factory in my constituency was torn down. This came about as a result of the lack of attention given to the views of the local people. We do not want this to happen to the herring industry, particularly to the small herring industry which employs a great many people. We will not get the small fish if all the spawn herring are taken away and the spawning banks are left unprotected.

[Mr. McLean (Charlotte).]

• (4:40 p.m.)

Mr. Peters: Mr. Chairman, like the former speaker I wanted to say something on supplementary estimates but owing to the agreement found it impossible to do so. However, I should like to raise the question of gasoline prices and the problem posed by gas and oil distribution across the country.

Mr. Forrestall: How many more speeches are you going to make?

Mr. Peters: There will be one more in a few moments, if I hear such comments.

Mr. Forrestall: How many times were you on your feet during the last two weeks?

The Assistant Deputy Chairman: Order.

Mr. Peters: If the junior member for Halifax wants to make a speech he should stand up and make it. If not, let him go and have a smoke or otherwise sit quietly in his seat, in which case he will be appreciated more than he is vocally.

The Minister of Industry, who was previously responsible for the National Energy Board and for energy in general, will recall a number of charges and countercharges having been made about the pricing of gasoline, especially imported gasoline. I have been particularly interested in an inquiry made about two years ago by the Restrictive Trade Practices Commission into gas and oil pricing in northern Ontario. This matter has been raised not only in this house on several occasions but also in the Ontario legislature. There seems to be general agreement that the matter is one mainly for the federal government, I presume for the new consumer affairs department; and incidentally it fits into the same category of problem that was raised by the hon. member for Vancouver-Kingsway in relation to milk and other commodities.

The problem can be fairly simply stated, Mr. Chairman. It involves what I consider the unfair price of gasoline in northern Ontario. The question affects not only northern Ontario but every other area outside metropolitan areas where the mark-up on gasoline appears to be agreed upon by retailers. These retailers cannot take advantage of bulk buying as do their competitors in other parts.

The Restrictive Trade Practices Commission investigated the cause of a gasoline price war in Toronto in connection with the Texaco Canada Limited service stations of Mr. Edmunds and Wilky's Sales and Service Ltd. The company was supporting the price of the

gasoline up to as high as 7½ cents. The commission was aware of the arrangement that was made but was unable to do anything about it. It does seem to me that the new consumer affairs department should be able to do something to correct this sort of situation.

I was in Toronto last week and saw cut-rate gasoline advertised at 40.9 cents a gallon. In my particular area, Mr. Chairman, No. 2 gasoline sells for as high as 56 cents a gallon. I checked with my colleague from northern Quebec and he told me that the price in his area was about two cents less, so I presume the difference is the result of the two cent tax recently imposed in Ontario.

It appears from my inquiries, Mr. Chairman, that a tank wagon price is charged from the refineries at Sarnia. In addition there is about one cent a gallon transportation cost to Toronto. The journey to northern Ontario adds about one-third of a cent. This gasoline can be transported by rail for less than one cent a gallon to all parts of northern Ontario and northern Quebec. The charge for shorter journeys would be lower.

I am at a loss to understand why there is as much as a 16 cents spread between these two areas, Mr. Chairman. Although the matter has been investigated no report has been made. I think it is only fair to the service stations to make a report shortly because they are being blamed for a situation over which they have no control. The price to the consumer is governed by the price the service station owner has to pay, not to the company that supplies his gas but to the distributor from whom he is required to purchase it.

This problem has also come before the United States federal trade commission, Mr. Chairman. I have a report before me that was made by what some might call a disreputable magazine, *Male,* but no doubt the facts are correct. This particular copy is not dated but the report indicates that service stations have been established by the oil companies and made economic serfs. Many citizens do not realize this. I should like to put on the record several paragraphs of this article.

> By leasing instead of selling their stations, the oil companies hold the operator in a tight bind. If he refuses to handle unsafe "cheapie" tires or overpriced worthless additives the company is pushing, they can cancel his lease and wipe out his entire private investment in stock and equipment.
>
> Their latest gimmick is to stick the station operator for a large part of the cost of the current give-away games. Standard of California made its dealers buy a specified high quantity of tickets handed out in its cash-on-the-line game—at $12 per 1,000. And Sun Oil soaked its 9,000 Sunoco dealers two cents for every sunny dollar coupon he handed out. All the various games cost individual station operators hundreds of dollars they can ill afford.
>
> The part-owner of a chain of stations in Detroit recently told a reporter bitterly, "These games are crammed down our throats. We have to participate or spend all our time explaining why we don't. If we don't play along with the company, up goes our station rent".

A number of the points made by the Restrictive Trade Practices Commission are reported in this magazine. One of them is that the companies build service stations without consultation with the authorities. I think municipalities have some responsibility in this field. They seem to allow service stations to be built almost one next to another. A woman in Kirkland Lake wrote to me that her husband when travelling to work observed in a one mile stretch nine service stations. I can assure you, Mr. Chairman, that the quantity of gasoline sold in service stations in Kirkland Lake is nowhere near the volume of stations in the United States or in metropolitan Toronto. I think it would be difficult to find any service stations in northern Ontario that sold 300,000 gallons a year, let alone compare those stations with those in Toronto which sell the same quantity in one month.

The investigations that have been conducted have not, in my opinion, been conclusive. However, they have established that gimmicks, give-away programs and stamps add to the cost of the gasoline. In northern Ontario the people are victims of a set of circumstances over which they have no control but which, in my opinion, constitute a very grave abuse of the concessions granted the major oil companies.

As the article in *Male* points out, the major oil companies are given all kinds of concessions in the United States. However, this magazine should investigate the concessions they receive in Canada. In spite of this, Mr. Chairman, they still fleece the general public by means of unfair practices. As I say, this is one field to which the new consumer affairs department should turn its attention.

• (4:50 p.m.)

When considering the matter of gasoline prices in northern Ontario and elsewhere we must remember that under the present system gasoline stations are tied to their supplying companies. In northern Canada station operators have to supply their own pits, and their operations are costly in winter; every

time the door opens the heat goes on, and their overhead goes up.

In my home town I saw one of the greatest swindles in the gasoline business that was ever perpetrated. The distributing company owned by a man called Flemming, I think, over a period of years bought up in the general area each outlet that the Shell Oil Company had been selling to. The distributing company was able to buy the leases, borrow money for mortgages and so on, and when B.P. came along the company sold to B.P. the whole shooting match, making a profit of a million dollars.

Three new service stations were built in New Liskeard, even though the town could not carry two stations originally. Needless to say the three new stations did badly. In fact, one of them now is being used as an office building by the Ontario government. It never could be rented as a service station. The municipality must take some share of the blame for what happened. It wanted business taxes from three new businesses; never mind if other businesses went broke. That was very unfair to those who were already operating gas stations in the town. Owning a gas station there is a risky business.

Since there is a price spread on gasoline of up to 16 cents per gallon between our northern communities and Toronto, it is pretty obvious that the gasoline companies are carrying out restrictive trade practices. That contention is reinforced when one realizes that commercial trucking firms pay about 18 cents a gallon less for their gasoline than orthodox service stations pay their distributors for it. That shows that the entire industry ought to be investigated; the investigation should not be confined to any particular service stations.

It is unfair for service stations to charge motorists in northern Ontario as much as 63 cents a gallon for low grade gasoline. I think the entire matter ought to be looked into by the consumer affairs part of the department. They should develop legislation to protect our motorists from the unfair practices of oil companies, unfair practices which work especially to the detriment of motorists in northern areas.

Mr. Orlikow: I wish to ask two questions; I hope the Solicitor General can answer one and I think that the Minister of National Defence, who is not here, can at some time answer the other. Both questions are important. My first question was raised on previous occasions by my colleague from Skeena and by the right hon. member for Prince Albert. I also raised this question. The Prime Minister said that a member of the government would make a statement of policy arising out of a case the Supreme Court dealt with, that of Mr. Terence Whitfield. Mr. Whitfield, who worked in northern Canada, was dismissed by the Canadian Marconi Company because, contrary to a clause in his employment contract, he was seeing socially an Eskimo girl. It seems to me, as it seemed to the right hon. member for Prince Albert, that the inclusion of such a clause in an employment contract is contrary to the basic tenets of human and civil rights which the United Nations has endorsed and which this country, I hope, will support.

Such a clause is contrary to the spirit of legislation which the federal and provincial governments have enacted in the field of fair employment and fair accommodation practices. It is against the spirit of the Bill of Rights the former government introduced. Perhaps the minister will make a statement on the matter today.

I hope the Minister of National Defence, who is not here, will take note of the next question I am about to ask and make a statement at the earliest possible opportunity. I have been informed that the Minister of National Defence has written to some, or perhaps all, provincial premiers, informing them that beginning April 1 of this year aircraft of United States strategic air command will begin, as part of their manoeuvres, overflights over Canada and that these will continue for six months. I raise this question because I think we all remember the United States aircraft which crashed off Greenland while carrying hydrogen bombs. The people of Canada have a right to know whether the United States aircraft flying over Canada will be carrying nuclear bombs. If so, has the Canadian government given its approval to such flights?

The Assistant Deputy Chairman: Shall the resolution carry?

Mr. Orlikow: Mr. Chairman—

Mr. Pennell: Mr. Chairman, I do not wish to delay proceedings in view of last evening's agreement, but there was a commitment I believe to make a statement on the Whitfield matter on behalf of the Minister of Justice.

I wish to deal first with a question asked by the hon. member for Skeena in this house on March 11, as to whether the government intends to introduce legislation to make illegal in the future contracts such as the one

made between Canadian Marconi and Mr. Terence Whitfield.

It should be borne in mind, Mr. Chairman, that in the Whitfield case the Supreme Court was dealing with a particular clause in a particular contract; and while the court held that the clause in question was valid and not contrary to public policy its judgment does not purport to deal generally with the matter of discrimination in employment contracts.

The position of the government on the question of human rights, including the question of discrimination, is well known. We feel that such matters should be dealt with in a constitutional Bill of Rights that would have equal effect whether the matter arose within federal or provincial jurisdiction. In the Whitfield case, the contract was made in Montreal on November 3, 1960, and was to be performed within the province of Quebec.

• (5:00 p.m.)

I hope I shall not be taken as suggesting that parliament is not competent or is powerless to legislate in such a way as to prevent discrimination against a special group or segment of our population in respect of which it has special jurisdiction, in this case Indians and Eskimos, by virtue of head 24 of section 91 of the British North America Act. However, it is important in the view of the government that this problem of discrimination be dealt with on a general, rather than a limited, basis and this can be accomplished only if the problem is dealt with by the respective provincial legislatures in the context of the general law. In our view, the only adequate answer is a constitutional bill of rights, and hon. members will recall that this was the position taken by the government at the recent federal-provincial conference.

With reference to the question posed by the right hon. member for Prince Albert, I would regretfully point out there is really no precedent for the suggestion that the government might ask the Supreme Court of Canada to re-hear the appeal of Whitfield *v.* Canadian Marconi before the full court. The only legal course open to the government would be to refer the matter to the Supreme Court by way of a reference under section 55 of the Supreme Court Act. This of course could be done, but it would appear pointless because the Supreme Court, as well as the courts below, has finally determined the legal status of this contract between Whitfield and Canadian Marconi. It could not be assumed—indeed it would be imprudent to assume—that the Supreme Court would decide, on a reference, that the judgment which it had previously rendered was incorrect.

I understand there is no basis for the suggestion that the government can ask a court, including the Supreme Court, to rehear a case between private litigants. One of the private litigants might make this request but in our view the government would not be justified in intervening in private litigation of this kind.

As to the problem of a contract made in one province but to be performed in another, it may be well to point out that parliament does not automatically have jurisdiction with regard to such contracts. For example, a contract made in Ontario to be performed in Quebec, cannot require a party to it to do something which is in conflict with, or illegal under, Quebec law. This problem is very much broader than the problem of discrimination but it does not give rise to any new or peculiar head of federal jurisdiction. In any event, this is not relevant to the Whitfield case in which the contract complained of was made in the province in which it was to be performed.

Resolution reported and concurred in.

[*Translation*]

WAYS AND MEANS

INTERIM SUPPLY

Hon. L. T. Pennell (for the President of the Treasury Board) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Tardif in the chair.

Mr. Pennell moved:

Resolved, that towards making good the supply granted to Her Majesty for the public service for the fiscal year ending March 31, 1969, the sum of $1,118,202,797.17 be granted out of the Consolidated Revenue Fund of Canada.

Motion agreed to.

Resolution reported and concurred in.

[*English*]

Mr. Pennell thereupon moved for leave to introduce Bill No. C-212 for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1969.

Mr. Knowles: Since the Solicitor General did not do so at the resolution stage, would he mind giving us now the usual undertaking that the passing of this bill will not interfere

with our right to discuss any of the items parts of which are in the bill?

Mr. Pennell: I am prepared to give that undertaking, Mr. Speaker.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall this bill be read a second time?

Some hon. Members: By consent, now.

Mr. Pennell (For Mr. Benson) moved the second reading of the bill.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Tardif in the chair.

On clause 2—*$1,118,202,797.17 granted for 1968-1969*

Mr. Lambert: I should like to address a question to the Solicitor General and ask him whether there is any particular significance in requesting a third month of interim supply for the Chief Electoral Officer and in respect of the two legislative items covering this house and the other place.

Mr. Pennell: The vote for the office of the Chief Electoral Officer provides for the payments of salaries and administrative expenses. The additional proportion is requested to finance the purchase of shelving required, due to the moving of the office of the Chief Electoral Officer. This shelving is to be installed in early April. I cannot recall the other two items the hon. member mentioned.

Mr. Lambert: Items 5 and 20 in connection with this house and the other place.

Mr. Pennell: As to item 5, the additional proportion is required because the expenditures are in excess of the proportion per month while the Senate is in session. The sessional year is usually of eight months duration, thus the customary additional proportion is required. To deal with the item relating to the Commons, the additional proportion is requested to cover expenses of the house while sitting. Expenditures of the house exceed the one twelfth per month while it is in session, as the amount of the vote is based on a sessional year of approximately nine months.

• (5:10 p.m.)

Mr. Knowles: May I ask the Minister of Industry just one question. Will he take the representations made today, concerning the pensions of retired civil servants, to the cabinet at its next meeting?

[Mr. Knowles.]

Mr. Drury: I will be glad to, Mr. Chairman.

Clause agreed to.

Clauses 3 to 5 inclusive agreed to.

Schedules A, B and C agreed to.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I move that we rise now, suspend the sitting and resume at the call of the Chair.

Mr. Schreyer: On a point of order, Mr. Speaker, might I ask the acting house leader what happened to the government undertaking or intention to bring forward legislation to amend the Farm Improvement Loans Act? I understand the house leaders consulted and it was agreed that it be brought forward today.

Mr. Speaker: Order, please. I doubt whether this is a point of order, but perhaps the minister might be allowed to answer the question.

Mr. Pennell: Mr. Speaker, the government was anxious to proceed with this measure. However, in view of the agreement last evening we felt we ought not to make any suggestions without unanimous consent. I understand there were negotiations but they were not fruitful, and I think that explains the situation.

Mr. Speaker: Order, please. Perhaps I might be allowed to invite hon. members to a non-partisan leadership seminar in room 16 before the house will resume its sitting at the call of the bells. I do now leave the chair.

Motion agreed to.

SITTING SUSPENDED

At 5.15 p.m. the sitting of the house was suspended.

SITTING RESUMED

The house resumed at 6.30 p.m.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the house that a message has been received

from the Senate informing this house that the Senate have passed the following bills:

Bill No. C-211, An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1968.

Bill No. C-212, An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1969.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker, with the house went up to the Senate chamber.

• (6:50 p.m.)

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An Act to amend the National Housing Act, 1954.

An Act to amend the Canada Deposit Insurance Corporation Act.

An Act to amend the Income Tax Act.

An Act to amend the Immigration Act.

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1968.

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1969.

Mr. Speaker: I understand that the Solicitor General wishes to be recognized.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, before the house is formally adjourned perhaps I might be permitted a final word. I wish to express to all hon. members my appreciation for their assistance and co-operation during my brief tenure as acting house leader. May I express to you, Mr. Speaker, in this atmosphere of cordiality and good will, my wish that you have a pleasant and rewarding recess.

Royal Assent

Hon. J. A. MacLean (Queens): Mr. Speaker, any position I might hold, during the making of my few brief remarks, is even more ephemeral than that of the hon. member on the government side, but I wish to take this opportunity to wish you a pleasant recess, a refreshing rest and a happy Easter. Much may come about before you come back again to preside over this difficult chamber.

I wish also to take this opportunity of hoping that my friends to the left have a pleasant recess and a happy Easter. I hope their recess is of a very high quality; it will have to be, to make up for its unnecessary brevity.

It is rather difficult to ask members on the government side to be happy. It appears that the stars foretell that in events lying ahead eight out of nine members will be deeply disappointed. Regardless of their feelings of disappointment I hope that hon. members on the government side will have the strength to bear their disappointments. Happy Easter.

Mr. Stanley Knowles (Winnipeg North Centre): We are very happy to join sincerely in the felicitations which have been extended to Your Honour and to all members of the house. All I can say to my good friend for Queens is, "Vous êtes très gentil."

Mr. Bert Leboe (Cariboo): All I can say is, "We, too."

Mr. Speaker: I thank hon. members for their kind expressions of good will. The only way I can reciprocate is by saying we shall return on April 23.

It being after 6 p.m., pursuant to special order of Wednesday, March 20, the house adjourned until Tuesday, April 23, at 2.30 o'clock in the afternoon.

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

1c, 5c, 25c.

TREASURY BOARD

7c, L117c.

DEPARTMENT OF FISHERIES

15c, 17c.

HOUSE OF COMMONS

Tuesday, April 23, 1968

The house met at 2.30 p.m.

VACANCIES

Mr. Speaker: I have the honour to inform the house that during the adjournment of the house I received communications informing me that the following vacancies have occurred in the representation, namely:

Of Hon. Lawrence T. Pennell, member for the electoral district of Brant-Haldimand, by resignation;

Of Hon. Paul Martin, member for the electoral district of Essex East, by resignation.

I have accordingly issued my warrants to the Chief Electoral Officer to make out new writs of election for the said electoral districts.

HOUSE OF COMMONS

APPOINTMENT OF J. GORDON DUBROY AS CLERK ASSISTANT

Mr. Speaker: Perhaps hon. members will allow me to mention that during the recess there has been a promotion to a very senior post in the House of Commons, that of Clerk Assistant, and to this post has been appointed a very faithful and deserving officer of this house, Mr. J. Gordon Dubroy.

Some hon. Members: Hear, hear.

[*Translation*]

PRIVILEGE

MR. TRUDEAU—ACKNOWLEDGEMENT OF CONGRATULATORY MESSAGES

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I rise on a question of privilege.

Speaking for the first time from this seat, I would ask the hon. members to allow me to express my thanks for the messages of congratulations and encouragement I have received from all parts of the house.

In a democracy, the people's representatives have the privilege to disagree on the best way of governing the country. However, we are all prompted by the same desire to make Canada a greater and a stronger country.

The best answer I can give to that generous tribute is by undertaking to serve the house and the country to the best of my ability.

[*English*]

HOUSE OF COMMONS

ANNOUNCEMENT OF DISSOLUTION AND ELECTION ON JUNE 25

Right Hon. P. E. Trudeau (Prime Minister): In view of the announcement I am about to make, Mr. Speaker, I feel any further comment by me on any other subjects would be improper.

This afternoon I called on the Governor General to request him to dissolve parliament and to have writs issued for a general election on June 25.

Some hon. Members: Hear, hear.

Mr. Trudeau: Mr. Speaker, by proclamation under the Great Seal of Canada, dated April 23, 1968, the present parliament is dissolved and members and senators are discharged from attendance. I thank you, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Speaker: In the circumstances I propose to leave the chair, but perhaps I may be allowed to say one word to thank hon. members for the co-operation which at all times during the last years they have extended to me.

Some hon. Members: Hear, hear.

Mr. Speaker: If hon. members are still here by four o'clock they are invited to call on the Speaker in Room 16.

Some hon. Members: Hear, hear.

